



**MAQUASSI HILLS  
LOCAL MUNICIPALITY**

**ANNUAL FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**30 JUNE 2013**

**Maquassi Hills Local Municipality**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

<b>Index</b>	<b>Page</b>
General information	2-3
Approval of annual financial statements	4
Statement of Financial Position	5
Statement of Financial Performance	6
Statement of Changes in Net Assets	7
Cash Flow Statement	8
Statement of comparison	9-12
Accounting Policies	13-36
Notes to the Annual Financial Statements	37-80
Appendix A: Schedule of External Loans	81
Appendix B: Analysis of Property, Plant and Equipment	82-85
Appendix C: Actual versus Budget	86
Appendix D: Supply chain management deviations	87
Appendix E: Investments Schedule	88
Appendix F: Distribution losses detail	89

**Maquassi Hills Local Municipality**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

**General information**

**Members of the Council**

G.V. Kgabi	<b>Mayor</b>
O.S. Duffy	<b>Speaker</b>
K.G. Mojela	Member
G.J. van Zyl	MEC Admin Services
N.L. Tshingilane	Member
K.S. Seakane	Member
M.S. Sejeso	MEC Engineering Services
K.N. Kgaodi	Member
M.D. Matete	MEC Community Services
K.A. Mogapi	Member
O.H. Botsietseng	Member
T.S. Selete	MEC Finance
G.P. Motswagole	Member
S.J. Lesie	Member
N.W. Ntiane	Member
M.D. Sereotsi	Member
M.E. Motaung	Member
D.K. Mohadi	Member
B.J. Mahumapelo	Member
G.J. Muller	Member
J. Pheiffer	Member

**Municipal Manager**

I.R. Jonas

**Chief Financial Officer**

L Jonker (acting)

**Grading of Local Authority**

GRADE 5

**Auditors**

Auditor-General  
Northwest Province  
Potchefstroom Offices

**Bankers**

ABSA Bank Limited  
Wolmaransstad

**Maquassi Hills Local Municipality**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

General information (cont.)

<b>Registered Office:</b>	19 Krugerstreet, Wolmaransstad
<b>Physical address:</b>	19 Kruger Street Wolmaransstad 2630
<b>Postal address:</b>	Private Bag X3 Wolmaransstad 2630
<b>Telephone number:</b>	(018) 596 1067
<b>Fax number:</b>	(018) 596 1555 or (018) 596 2436
<b>E-mail address:</b>	wolmuns@lantic.net

**Maquassi Hills Local Municipality**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

**Approval of annual financial statements**

I am responsible for the preparation of these annual financial statements, which are set out on pages **1 to 80**, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors and payments made to Councillors for loss of office, if any, as disclosed in note 26 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

---

I.R. Jonas MA. History, HDE, PHD Public Management  
Municipal Manager:

DATE:.....

**Maquassi Hills Local Municipality**  
**STATEMENT OF FINANCIAL POSITION**

for the year ended 30 June 2013

	Note	2013 R	2012 R
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	1	9 637 796	4 639 392
Trade and other receivables from exchange transactions	2	8 928 539	7 400 738
Trade and other receivables from non-exchange transactions	3	54 171 560	29 770 144
Inventories	4	660 463	821 706
Investments	5	690 411	670 960
VAT receivable	12	15 858 143	11 548 314
<b>Non-current assets</b>			
Property, plant and equipment	6	529 963 932	506 147 896
Intangible assets	7	44 131	49 124
Investment property	8		
<b>Total assets</b>		<b>619 954 976</b>	<b>561 048 274</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	9	79 105 422	76 026 699
Consumer deposits	10	2 101 137	1 918 990
VAT payable	11	34 005 154	24 736 552
Bank overdraft	1	20 237 901	7 103 618
Current portion of unspent conditional grants and receipts	14	6 276 980	1 300 227
Current portion of borrowings	15	3 492 872	3 492 872
<b>Non-current liabilities</b>			
Non-current borrowings	15	46 700 864	50 368 730
Non-current provisions	13	45 101 949	40 866 605
<b>Total liabilities</b>		<b>237 022 277</b>	<b>205 814 291</b>
<b>Net assets</b>		<b>382 932 698</b>	<b>355 233 983</b>
<b>NET ASSETS</b>			
Accumulated surplus / (deficit)		382 932 698	355 233 983
<b>Total net assets</b>		<b>382 932 698</b>	<b>355 233 983</b>

**Maquassi Hills Local Municipality**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
for the year ended 30 June 2013

	Note	2013 R	2012 R
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Service charges	17	118 416 260	93 769 067
Rental of facilities and equipment	18	224 363	210 679
Finance income - external investments	19	430 215	616 733
Finance income - outstanding receivables	20	18 362 123	14 425 971
Dividends		-	1 699
Licences and permits		10 411 395	9 916 387
Other income	22	2 242 823	1 518 029
<b>Total revenue from exchange transactions</b>		<b>150 087 179</b>	<b>120 458 565</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Property rates	16	17 671 177	14 486 809
<b>Transfer revenue</b>			
Government grants and subsidies	21	139 701 404	107 661 242
Fines	42	8 072 147	2 739 652
<b>Total revenue from non-exchange transactions</b>		<b>165 444 728</b>	<b>124 887 702</b>
		<b>150 087 179</b>	<b>120 458 565</b>
		<b>165 444 728</b>	<b>124 887 702</b>
<b>Total revenue</b>		<b>315 531 906</b>	<b>245 346 267</b>
<b>Expenses</b>			
Employee related costs	23	50 550 691	46 274 519
Remuneration of councillors	24	6 019 750	6 203 747
Debt impairment	2&3	89 561 798	65 296 521
Depreciation and amortisation expense	25	25 935 541	25 654 484
Repairs and maintenance		2 664 326	2 917 689
Finance costs	26	8 357 260	7 730 144
Bulk purchases	27	62 024 749	53 460 778
Contracted services	28	4 896 942	5 222 226
General expenses	29	37 819 457	38 024 634
<b>Total expenses</b>		<b>287 830 514</b>	<b>250 784 744</b>
Total revenue		315 531 906	245 346 267
Total expenditure		287 830 514	250 784 744
<b>Operating surplus/(deficit)</b>		<b>27 701 393</b>	<b>(5 438 476)</b>
Gain / (loss) on disposal of assets and liabilities	30	(2 677)	(918 960)
Fair value adjustments			
		<b>27 698 715</b>	<b>(6 357 436)</b>
Surplus/(deficit) before taxation		<b>27 698 715</b>	<b>(6 357 436)</b>
Taxation			
<b>Surplus/(deficit) for the year</b>		<b>27 698 715</b>	<b>(6 357 436)</b>

**Maquassi Hills Local Municipality**  
**STATEMENT OF CHANGES IN NET ASSETS**  
for the year ended 30 June 2013

	Total: Net Assets
Note	R
<b>Balance at 30 June 2011</b>	358 020 012
Changes in accounting policy	-
Correction of prior period error	33 3 571 406
<b>Restated balance</b>	<b>361 591 419</b>
Surplus / (deficit) for the period	(6 357 436)
<b>Balance at 30 June 2012</b>	<b>355 233 983</b>
Surplus / (deficit) for the period	27 698 715
<b>Balance at 30 June 2013</b>	<b>382 932 698</b>



# Maquassi Hills Local Municipality

## CASH FLOW STATEMENT

for the year ended 30 June 2013

	Note	2013 R	2012 R
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts		224 001 600	233 201 840
Sales of goods and services		69 079 540	64 022 295
Grants		139 701 404	107 661 242
Interest received		430 215	616 733
Other receipts		14 790 441	60 901 570
Payments		182 936 244	179 915 976
Employee costs		56 570 442	52 096 749
Suppliers		118 008 542	120 089 083
Interest paid		8 357 260	7 730 144
<b>Net cash flows from operating activities</b>	31	<b>41 065 357</b>	<b>53 285 863</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of fixed assets (PPE)		(49 737 758)	(43 721 006)
Purchase of intangibles		(11 504)	(14 778)
<b>Net cash flows from investing activities</b>		<b>(49 749 262)</b>	<b>(43 735 784)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of borrowings		(3 667 866)	(3 457 178)
Provisions		4 235 344	8 327 550
<b>Net cash flows from financing activities</b>		<b>567 478</b>	<b>4 870 372</b>
<b>Net increase / (decrease) in net cash and cash equivalents</b>		<b>(8 116 428)</b>	<b>14 420 452</b>
<b>Net cash and cash equivalents at beginning of period</b>		<b>(1 793 266)</b>	<b>(16 213 718)</b>
<b>Net cash and cash equivalents at end of period</b>	32	<b>(9 909 694)</b>	<b>(1 793 266)</b>

**Maquassi Hills Municipality**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
for the year ended 30 June 2013

Revenue	2013 Original budget R	2013 Adjusted budget (i.t.o.s28 and s31 of the MFMA) R	2013 Virement (i.t.o council approved) R	2013 Final budget R	2013 Actual outcome R	2013 Variance final budget vs original budget R	2013 Actual outcome as % of final budget	2013 Actual outcome as % of original budget	Item
<b>Revenue from exchange transactions</b>									
Service charges	123 907 500	123 907 500	-	123 907 500	118 416 260	-	-4.43%	-4.43%	
Rental of facilities and equipment	466 700	468 100	-	468 100	224 363	1 400	-52.07%	-51.93%	a
Interest earned - external investments	110 000	145 000	-	145 000	430 215	35 000	196.70%	291.10%	b
Interest earned - outstanding debtors	13 420 000	18 000 000	-	18 000 000	18 362 123	4 580 000	2.01%	36.83%	
Licences and permits	11 450 000	11 450 000	-	11 450 000	10 411 395	-	-9.07%	-9.07%	c
Other income	681 000	684 000	-	684 000	2 242 823	3 000	227.90%	229.34%	d
<b>Total revenue from exchange transactions</b>	<b>150 035 200</b>	<b>154 654 600</b>		<b>154 654 600</b>	150 087 179	4 619 400	60.17%	81.97%	
<b>Revenue from non-exchange transactions</b>									
<b>Taxation revenue</b>									
Property rates	23 724 400	23 724 400	-	23 724 400	17 671 177	-	-25.51%	-25.51%	e
<b>Transfer revenue</b>									
Fines	3 029 800	3 029 800	-	3 029 800	8 072 147	-	166.43%	166.43%	f
Government grants	138 627 000	148 918 558	11 589 628	160 508 186	139 701 404	21 881 186	-12.96%	0.78%	g
<b>Total revenue from non-exchange transactions</b>	<b>165 381 200</b>	<b>175 672 758</b>	<b>11 589 628</b>	<b>187 262 386</b>	<b>165 444 728</b>	<b>21 881 186</b>			
	150 035 200	154 654 600	-	154 654 600	150 087 179	4 619 400			
	165 381 200	175 672 758	11 589 628	187 262 386	165 444 728	21 881 186			
<b>Total revenue</b>	<b>315 416 400</b>	<b>330 327 358</b>	<b>11 589 628</b>	<b>341 916 986</b>	<b>315 531 906</b>	<b>26 500 586</b>			

**Maquassi Hills Municipality**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
for the year ended 30 June 2013

Revenue	2013 Original budget R	2013 Adjusted budget (i.t.o.s28 and s31 of the MFMA) R	2013 Virement (i.t.o council approved) R	2013 Final budget R	2013 Actual outcome R	2013 Variance final budget vs original budget R	2013 Actual outcome as % of final budget	2013 Actual outcome as % of original budget	Item
<b>Expenditure</b>									
Employee cost wages / salaries	48 297 630	44 950 029	-4	44 950 025	40 591 603	-3 347 605	-9.70%	-15.96%	h
Employee cost social contributions	12 995 813	11 626 043	386 233	12 012 276	9 959 089	-983 537	-17.09%	-23.37%	i
Remuneration Councillors	6 002 174	6 116 501	2	6 116 503	6 019 750	114 329	-1.58%	0.29%	
Debt impairment	52 262 000	52 272 000	-4 038 900	48 233 100	89 561 798		85.69%	71.37%	j
Depreciation	3 145 865	28 111 606	-	28 111 606	25 935 541	24 965 741	-7.74%	724.43%	k
Repairs and maintenance	10 760 100	10 727 700	-20 000	10 707 700	2 664 326	-52 400	-75.12%	-75.24%	l
Finance costs	2 986 600	2 986 600	1 000 000	3 986 600	8 357 260	1 000 000	109.63%	179.83%	m
Bulk Purchases	54 226 600	54 226 600	-	54 226 600	62 024 749	-	14.38%	14.38%	n
Contracted Services	15 020 340	16 219 340	-8 498 298	7 721 042	4 896 942	-7 299 298	-36.58%	-67.40%	o
General expenses other	42 579 474	37 984 990	11 582 901	49 567 891	37 819 457	6 988 417	-23.70%	-11.18%	p
<b>Total expenditure</b>	<b>248 276 596</b>	<b>265 221 409</b>	<b>411 934</b>	<b>265 633 343</b>	<b>287 830 514</b>	<b>21 385 647</b>	<b>3.82%</b>	<b>79.72%</b>	
Total revenue	315 416 400	330 327 358	11 589 628	341 916 986	315 531 906	26 500 586	-7.72%	0.04%	
Total expenditure	248 276 596	265 221 409	411 934	265 633 343	287 830 514	21 385 647	8.36%	15.93%	
<b>Operating surplus/(deficit)</b>	<b>67 139 804</b>	<b>65 105 949</b>	<b>11 177 694</b>	<b>76 283 643</b>	<b>27 701 392</b>	<b>5 114 939</b>	<b>0.32%</b>	<b>7.98%</b>	
Gain / (loss) on disposal of assets and liabilities					-				
Fair value adjustments									
<b>Surplus / (deficit) before taxation</b>	<b>67 139 804</b>	<b>65 105 949</b>	<b>11 177 694</b>	<b>76 283 643</b>	<b>27 701 392</b>	<b>5 114 939</b>			
Taxation									
<b>Surplus/(deficit) for the year</b>	<b>67 139 804</b>	<b>65 105 949</b>	<b>11 177 694</b>	<b>76 283 643</b>	<b>27 701 392</b>	<b>5 114 939</b>			

**Maquassi Hills Municipality**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
for the year ended 30 June 2013

Revenue	2013 Original budget R	2013 Adjusted budget (i.t.o.s28 and s31 of the MFMA) R	2013 Virement (i.t.o council approved) R	2013 Final budget R	2013 Actual outcome R	2013 Variance final budget vs original budget R	2013 Actual outcome as % of final budget	2013 Actual outcome as % of original budget	Item
<b>Capital expenditure</b>									
<b>Municipal Manager</b>									
Council general	3 570 000	47 000	-22 150	24 850	2 642	-3 545 150	-89.37%	-99.93%	q
Integrated development plan			4 150	4 150	4 150	4 150	0.00%		
Local economic development	30 000	6 000	3 000	9 000	8 862	-21 000	-1.53%	-70.46%	
Performance management			7 300	7 300	7 211	7 300	-1.22%		
Office of the Mayor	558 000	508 800	-15 030	493 770	3 332	-64 230	-99.33%	-99.40%	r
Office of the Exco	40 000	10 000	-2 000	8 000	5 287	-32 000	-33.91%	-86.78%	s
Directorate finance	200 000	200 000	30 100	230 100	205 612	30 100	-10.64%	2.81%	t
Directorate administration			12 125	12 125	12 125	12 125	0.00%		
Housing	2 066 000	2 066 000		2 066 000	-	-	-100.00%	-100.00%	u
Library	340 000	669 000	390 544	1 059 544	622 886	719 544	-41.21%	83.20%	v
Traffic, licensing and fire protection			9 630	9 630	9 630	9 630	0.00%		
<b>Directorate infrastructure</b>									
Electricity	130 000	30 000		30 000	-	-100 000	-100.00%	-100.00%	w
Parks	450 000			-		-450 000		-100.00%	
Public works	46 895 800	40 897 553	11 199 100	52 096 653	40 569 676	5 200 853	-22.13%	-13.49%	x
Sewer network	6 008 000	16 849 605	-9	16 849 596	8 282 445	10 841 596	-50.84%	37.86%	y
Water network	950 000	300 000		300 000	15 404	-650 000	-94.87%	-98.38%	z
Project management unit	40 500	15 000	-15 000			-40 500		-100.00%	
<b>TOTAL</b>	<b>61 278 300</b>	<b>61 598 958</b>	<b>11 601 760</b>	<b>73 200 718</b>	<b>49 749 262</b>	<b>11 922 418</b>			

**Maquassi Hills Municipality**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
for the year ended 30 June 2013

Revenue	2013 Original budget R	2013 Adjusted budget (i.t.o.s28 and s31 of the MFMA) R	2013 Virement (i.t.o council approved) R	2013 Final budget R	2013 Actual outcome R	2013 Variance final budget vs original budget R	2013 Actual outcome as % of final budget	2013 Actual outcome as % of original budget	Item
a. Unrealistic budget - actual rentals were not taken into account. b. Provision made in budget were insufficient. c. System was off for a long period resulting in less income. d. Not adequate provision made in budget for certain votes. e. The income foregone was not deducted from the budgeted amount for property rates. f. Insufficient budget and it includes provision for unpaid fines. g. R14m to be received from DKKDM did not realise. A roll-over of R4 678 247 for MIG. h. Number of positions not filled and Section 56 contracts ended in February 2013. i. The same as in item "h" above. j. Provision on budget insufficient. k.Capital expenses did not materialise due to the non-receipt of the R14m from DKKDM. l. Lack of funding halted the maintenance plans. m.Interest incurred on overdue accounts resulting from cash flow problems. n. The budget for bulk services was inadequate. o. Not all expenses realised and TMT over-budgeted. p. Cash flow problems halted various budgeted expenses. q. Planned capital expenditure did not realise due to cash flow problems. r. Planned capital expenditure did not realise due to cash flow problems. s. Planned capital expenditure did not realise due to cash flow problems. t. Planned capital expenditure did not realise due to cash flow problems. u. Planned capital expenditure did not realise due to cash flow problems. v. Planned capital expenditure did not realise due to cash flow problems. w. Planned capital expenditure did not realise due to cash flow problems. x. Planned capital expenditure did not realise due to cash flow problems. y. Planned capital expenditure did not realise due to cash flow problems. z. Planned capital expenditure did not realise due to cash flow problems.									

**Maquassi Hills Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

	2013 R	2012 R
<b>1 CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents consist of the following:		
Cash on hand	7 282	7 282
Cash at bank	9 630 514	4 632 110
Call deposits		
	<b>9 637 796</b>	<b>4 639 392</b>
The Municipality has the following bank accounts: -		
<b><u>Current Account (Primary Bank Account)</u></b>		
ABSA Bank Limited Account No. 4055605473 Branch Code:634540		
Cash book balance at beginning of year	(7 103 618)	(21 209 710)
Cash book balance at end of year	(20 237 901)	(7 103 618)
Bank statement balance at beginning of year	851 129	1 945 727
Bank statement balance at end of year	420 181	851 129
<b><u>Current Account (Other Account)(TMT)</u></b>		
ABSA Bank Limited Account No. 4061545689 Branch Code:634540		
Cash book balance at beginning of year	259 405	196 028
Cash book balance at end of year	1 510 378	259 405
Bank statement balance at beginning of year	259 405	381 297
Bank statement balance at end of year	1 510 378	259 405
<b><u>Current Account (Other Account)(Bank Account Traffic)</u></b>		
ABSA Bank Limited Account No. 4050989969 Branch Code:634540		
Cash book balance at beginning of year	2 247 589	1 708 608
Cash book balance at end of year	1 411 450	2 247 589
Bank statement balance at beginning of year	1 441 450	912 488
Bank statement balance at end of year	1 441 450	1 441 450

**Maquassi Hills Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

	2013 R	2012 R
Cash and cash equivalents (cont.)		
<b><u>Current Account (Other Account)(PMU)</u></b>		
ABSA Bank Limited Account No. 4064023765 Branch Code:634540		
Cash book balance at beginning of year	49 535	385 274
Cash book balance at end of year	4 213 967	49 535
Bank statement balance at beginning of year	49 535	193 641
Bank statement balance at end of year	4 213 967	49 535
<b><u>Current Account (Other Account)(Future Development)</u></b>		
ABSA Bank Limited Account No. 40644584280 Branch Code:634540		
Cash book balance at beginning of year	7 981	702 094
Cash book balance at end of year	7 376	7 981
Bank statement balance at beginning of year	7 981	1 098
Bank statement balance at end of year	7 376	7 981
<b><u>Current Account (Other Account)(Housing Project)</u></b>		
ABSA Bank Limited Account No. 4062582537 Branch Code:634540		
Cash book balance at beginning of year	-	2 896
Cash book balance at end of year	-	-
Bank statement balance at beginning of year	-	2 896
Bank statement balance at end of year	-	-
<b><u>Current Account (Other Account)(Housing Development Fund)</u></b>		
ABSA Bank Limited Account No. 4055636965 Branch Code:634540		
Cash book balance at beginning of year	26 800	27 251
Cash book balance at end of year	26 146	26 800
Bank statement balance at beginning of year	26 800	27 251
Bank statement balance at end of year	26 146	26 800

**Maquassi Hills Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

	2013 R	2012 R
Cash and cash equivalents (cont.)		
<b><u>Current Account (Other Account)(Tsweleng Housing)</u></b>		
Fist National Bank Account No. 54311117765 Branch Code:240638		
Cash book balance at beginning of year	619 984	620 818
Cash book balance at end of year	646 853	619 984
Bank statement balance at beginning of year	619 983	620 818
Bank statement balance at end of year	27 852	619 983
<b><u>Current Account (Other Account)(Kgakala Housing)</u></b>		
ABSA Bank Limited Account No. 4049678703 Branch Code:634540		
Cash book balance at beginning of year	97 717	98 806
Cash book balance at end of year	97 138	97 717
Bank statement balance at beginning of year	97 717	98 806
Bank statement balance at end of year	97 138	97 717
<b><u>Current Account (Other Account)</u></b>		
ABSA Bank Limited Account No. 4055686261 Branch Code:634540		
Cash book balance at beginning of year	874 352	101 513
Cash book balance at end of year	1 265 639	874 352
Bank statement balance at beginning of year	874 353	101 513
Bank statement balance at end of year	1 251 044	874 353
<b><u>Current Account (Other Account)</u></b>		
ABSA Bank Limited Account No. 4052543232 Branch Code:634540		
Cash book balance at beginning of year	78 181	78 119
Cash book balance at end of year	78 181	78 181
Bank statement balance at beginning of year	78 181	78 119
Bank statement balance at end of year	77 849	78 181



**Maquassi Hills Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

	2013 R	2012 R
Cash and cash equivalents (cont.)		
<b><u>Current Account</u></b>		
ABSA Bank Limited Account No 4064692380. Branch Code:634540		
Cash book balance at beginning of year	20 815	-
Cash book balance at end of year	20 814	20 815
Bank statement balance at beginning of year	20 815	-
Bank statement balance at end of year	20 814	20 815
<b><u>Current Account (Other Account)</u></b>		
Fist National Bank Account No. 62022159538 Branch Code:240638		
Cash book balance at beginning of year	-	2 745
Cash book balance at end of year	-	-
Bank statement balance at beginning of year	-	2 745
Bank statement balance at end of year	-	-
<b><u>Current Account (Other Account)</u></b>		
ABSA Bank Limited Account No. 9126643503 Branch Code:634540		
Cash book balance at beginning of year	294 168	278 957
Cash book balance at end of year	294 168	294 168
Bank statement balance at beginning of year	294 168	278 957
Bank statement balance at end of year	309 095	294 168
<b><u>Current Account (Other Account)</u></b>		
ABSA Bank Limited Account No. 4067021033 Branch Code:634540		
Cash book balance at beginning of year	-	15
Cash book balance at end of year	-	-
Bank statement balance at beginning of year	-	15

**Maquassi Hills Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

	2013 R	2012 R
Bank statement balance at end of year	-	-

**Maquassi Hills Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

	2013 R	2012 R
Cash and cash equivalents (cont.)		
<b><u>Current Account (Other Account)</u></b>		
ABSA Bank Limited Account No. 9138622959 Branch Code:634540		
Cash book balance at beginning of year	55 583	52 709
Cash book balance at end of year	58 404	55 583
Bank statement balance at beginning of year	55 583	52 709
Bank statement balance at end of year	58 404	55 583
<b><u>Cash on hand</u></b>	7 282	7 282
Total cash and cash equivalents	9 637 796	4 639 392
Total bank overdraft	(20 237 901)	(7 103 618)

**2 TRADE AND OTHER RECEIVABLES FROM  
EXCHANGE TRANSACTIONS**

	Gross Balance R	Impairment R	Net Balance R
<b><u>as at 30 June 2013</u></b>			
Electricity	9 977 730	(5 317 394)	4 660 336
Water	119 036 998	(116 945 166)	2 091 832
Sewerage	74 554 711	(72 966 229)	1 588 482
Refuse	39 440 130	(38 852 240)	587 889
<b>Total</b>	<b>243 009 568</b>	<b>(234 081 029)</b>	<b>8 928 539</b>

**Corrected disclosure (2011/2012)  
as at 30 June 2012**

	Gross Balance R	Impairment R	Net Balance R
Electricity	6 794 248	(3 319 895)	3 474 353
Water	80 015 889	(78 082 785)	1 933 104
Sewerage	58 085 724	(56 646 585)	1 439 139
Refuse	31 159 447	(30 605 306)	554 141
<b>Total</b>	<b>176 055 309</b>	<b>(168 654 571)</b>	<b>7 400 738</b>

**Previously disclosed 2011/2012**

	Gross Balance R	Impairment R	Net Balance R
<b><u>as at 30 June 2012</u></b>			
Electricity	6 794 248	(2 504 972)	4 289 276
Water	80 015 889	(75 679 098)	4 336 791
Sewerage	58 085 724	(54 508 371)	3 577 353
Refuse	31 159 447	(29 277 532)	1 881 915
<b>Total</b>	<b>176 055 309</b>	<b>(161 969 973)</b>	<b>14 085 335</b>

**Maquassi Hills Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

	2013 R	2012 R
<b><u>Ageing as at 30 June 2013</u></b>		
Electricity, Water, Sewerage, Cleansing		
Current (0 – 30 days)	25 120 712	
31 - 60 Days	5 175 077	
61 - 90 Days	5 538 071	
91+ Days	207 175 707	
Total	<u><u>243 009 568</u></u>	

**Ageing as at 30 June 2012**

	<b>Electricity, Water, Sewerage, Cleansing</b>	
Current (0 – 30 days)	14 474 385	
31 - 60 Days	4 864 834	
61 - 90 Days	4 219 125	
91+ Days	152 496 964	
Total	<u><u>176 055 309</u></u>	
<u>Impairment criteria</u>		

Impairment is done on all debtor types. Impairment is calculated as follows:

- a percentage equal to the non-payment for the year under review for each debtor account (levies versus payments, exclusive of V.A.T), calculated on the outstanding amount

Credit quality of consumers

The credit quality of consumer debtors that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

**Movement in provision for credit losses**

	2013	2012
Balance at beginning of the year	168 654 571	123 510 357
Contributions to provision	65 426 458	45 144 214
Doubtful debts written off against provision		
<b>Balance at end of year</b>	<u><u>234 081 029</u></u>	<u><u>168 654 571</u></u>

**3 TRADE AND OTHER RECEIVABLES FROM NON -EXCHANGE TRANSACTIONS**

**as at 30 June 2013**

	<b>Gross Balance</b>	<b>Impairment</b>	<b>Net Balance</b>
	R	R	R
Subsidies	3 937 539		3 937 539
Other debtors - billing	92 258 331	(57 461 921)	34 796 410
Other debtors	13 920 230		13 920 230
Property rates	27 216 915	(25 699 534)	1 517 381
<b>Total Other Debtors</b>	<u><u>137 333 015</u></u>	<u><u>(83 161 455)</u></u>	<u><u>54 171 560</u></u>

**Maquassi Hills Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

	2013 R	2012 R
Trade and other receivables from non -exchange transactions (cont.)		

**Corrected disclosed (2011/2012)**

<u>as at 30 June 2012</u>	<u>Gross Balance</u>	<u>Impairment</u>	<u>Net Balance</u>
	R	R	R
Subsidies	1 107 947		1 107 947
Other debtors - billing	64 999 096	-39 606 749	25 392 347
Other debtors	1 707 647		1 707 647
Property rates	20 981 569	-19 419 366	1 562 203
Prepaid expenses			-
<b>Total Other Debtors</b>	<b>88 796 260</b>	<b>-59 026 115</b>	<b>29 770 144</b>

**Previously disclosed (2011/2012)**

<u>as at 30 June 2012</u>	<u>Gross Balance</u>	<u>Impairment</u>	<u>Net Balance</u>
	R	R	R
Subsidies	1 107 947		1 107 947
Other debtors - billing	64 999 096	-37 113 653	27 885 443
Other debtors	2 092 564		2 092 564
Property rates	20 981 569	-17 528 000	3 453 569
Prepaid expenses	-		-
<b>Total Other Debtors</b>	<b>89 181 176</b>	<b>-54 641 653</b>	<b>34 539 523</b>

**Ageing as at 30 June 2013**

	<u>Property rates</u>	<u>Other debtors-billing</u>
Current (0 – 30 days)	2 184 620	6 982 270
31 - 60 Days	742 403	2 375 252
61 - 90 Days	718 434	2 390 579
91+ Days	23 571 458	80 510 230
<b>Total</b>	<b>27 216 915</b>	<b>92 258 331</b>

**Ageing as at 30 June 2012**

	<u>Property rates</u>	<u>Other debtors-billing</u>
Current (0 – 30 days)	1 824 754	4 748 183
31 - 60 Days	615 286	2 020 097
61 - 90 Days	552 791	1 890 186
91+ Days	17 988 738	56 340 630
<b>Total</b>	<b>20 981 569</b>	<b>64 999 096</b>

Impairment criteria

Impairment is done on debtor accounts with zonings of Residential and Agriculture. Impairment is calculated as follows:

- a percentage equal to the non-payment for the year under review for each debtor account (levies versus payments, exclusive of V.A.T), calculated on the outstanding amount

**Maquassi Hills Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

	<b>2013</b>	<b>2012</b>
	<b>R</b>	<b>R</b>
Trade and other receivables from non -exchange transactions (cont.)		

<b><u>Movement in provision for credit losses</u></b>	<b>2013</b>	<b>2012</b>
Balance at beginning of the year	59 026 115	38 873 808
Contributions to provision	24 135 340	20 152 307
<b>Balance at end of year</b>	<b>83 161 455</b>	<b>59 026 115</b>

#### **4 INVENTORIES**

<b>Opening balance of inventories:</b>		
Consumable, maintenance and spare parts stores - at cost	821 706	881 047
<b>Additions:</b>		
Consumable, maintenance and spare parts stores	1 106 912	864 550
<b>Issued (expensed):</b>		
Consumable, maintenance and spare parts stores	(1 268 155)	(923 891)
<b>Closing balance of inventories:</b>		
Consumable, maintenance and spare parts stores	660 463	821 706

#### **5 INVESTMENTS**

Call investments	690 411	670 960
Total Investments (for detail see Appendix E)	<b>690 411</b>	<b>670 960</b>

**Maquassi Hills Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

**6 PROPERTY, PLANT AND EQUIPMENT**

**Reconciliation of Carrying Value**

**as at 1 July 2012**

Cost/Revaluation

Accumulated depreciation and impairment losses

Acquisitions

Under construction capitalise

Additions under construction

Depreciation

Carrying value of disposals

Cost/Revaluation

Accumulated depreciation and impairment losses

**as at 30 June 2013**

Cost/Revaluation

Accumulated depreciation and impairment losses

Land	Buildings	Infrastructure	Community	Other Assets	Total
R	R	R	R	R	R
<b>15 009 731</b>	<b>32 413 414</b>	<b>450 068 776</b>	<b>764 600</b>	<b>7 891 376</b>	<b>506 147 896</b>
18 921 996	38 561 142	553 788 545	997 304	21 406 662	633 675 649
(3 912 266)	(6 147 729)	(103 719 769)	(232 704)	(13 515 285)	(127 527 753)
-	4 443 207	29 711 816	-	659 005	34 814 027
	(4 420 575)	(29 674 749)			(34 095 324)
-	204 000	48 815 055	-	-	49 019 055
(978 066)	(1 270 693)	(21 091 568)	(33 243)	(2 546 308)	(25 919 879)
-	-	-	-	<b>(1 844)</b>	<b>(1 844)</b>
-	-	-	-	(4 809)	(4 809)
-	-	-	-	2 966	2 966
<b>14 031 664</b>	<b>31 369 353</b>	<b>477 829 330</b>	<b>731 356</b>	<b>6 002 230</b>	<b>529 963 932</b>
18 921 996	38 787 774	602 640 667	997 304	22 060 857	683 408 598
(4 890 332)	(7 418 421)	(124 811 337)	(265 948)	(16 058 627)	(153 444 666)

Refer to Appendix B for more detail on property, plant and equipment

**Maquassi Hills Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

Property, plant and equipment (cont.)

**Reconciliation of Carrying Value**

**as at 1 July 2011**

Cost/Revaluation

Accumulated depreciation and impairment losses

Acquisitions

Under construction capitalise

Additions under construction

Depreciation

Carrying value of disposals

Cost/Revaluation

Accumulated depreciation and impairment losses

**as at 30 June 2012**

Cost/Revaluation

Accumulated depreciation and impairment losses

Land	Buildings	Infrastructure	Community	Other Assets	Total
R	R	R	R	R	R
<b>15 987 797</b>	<b>32 022 177</b>	<b>430 515 952</b>	<b>797 843</b>	<b>9 660 070</b>	<b>488 983 840</b>
18 921 997	36 925 795	513 242 032	997 304	21 486 000	591 573 128
(2 934 199)	(4 903 618)	(82 726 080)	(199 461)	(11 825 930)	(102 589 288)
-	3 518 187	1 962 880	-	1 539 147	7 020 214
	(3 296 890)	(1 285 833)			(4 582 723)
-	1 414 049	39 869 466	-	-	41 283 515
(978 066)	(1 244 110)	(20 993 689)	(33 243)	(2 391 659)	(25 640 768)
-	-	-	-	<b>(916 182)</b>	(916 182)
-	-	-	-	(1 618 485)	(1 618 485)
-	-	-	-	702 303	702 303
<b>15 009 731</b>	<b>32 413 414</b>	<b>450 068 776</b>	<b>764 600</b>	<b>7 891 376</b>	<b>506 147 896</b>
18 921 996	38 561 142	553 788 545	997 304	21 406 662	633 675 650
(3 912 266)	(6 147 729)	(103 719 769)	(232 704)	(13 515 285)	(127 527 753)

The residual value, useful life and depreciation method of each asset were not reviewed at the end of the reporting period.

Refer to Appendix B for more detail on property, plant and equipment



**Maquassi Hills Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

**INTANGIBLE ASSETS**

**Reconciliation of carrying value**

	<b>Computer Software</b>	<b>Total</b>
	<b>R</b>	<b>R</b>
<b>as at 30 June 2012</b>	<b>49 124</b>	<b>49 124</b>
Cost	706 109	706 109
Accumulated amortisation and impairment losses	(656 985)	(656 985)
Acquisitions	11 504	11 504
Amortisation	(15 662)	(15 662)
Carrying value of disposals	<b>(834)</b>	<b>(834)</b>
Cost	(2 175)	(2 175)
Accumulated amortisation	1 341	1 341
<b>as at 30 June 2013</b>	<b>44 131</b>	<b>44 131</b>
Cost	715 437	715 437
Accumulated amortisation and impairment losses	(671 306)	(671 306)

**Reconciliation of carrying value**

	<b>Computer Software</b>	<b>Total</b>
	<b>R</b>	<b>R</b>
<b>as at 1 July 2011</b>	<b>50 840</b>	<b>50 840</b>
Cost	695 694	695 694
Accumulated amortisation and impairment losses	(644 854)	(644 854)
Acquisitions	14 778	28 677
Amortisation	(13 717)	(9 357)
Carrying value of disposals	<b>(2 778)</b>	<b>(2 778)</b>
Cost	(4 364)	(4 364)
Accumulated amortisation	1 585	1 585
Impairment loss/Reversal of impairment loss	-	-
Transfers		
Other movements		
<b>as at 30 June 2012</b>	<b>49 124</b>	<b>49 124</b>
Cost	706 109	706 109
Accumulated amortisation and impairment losses	(656 985)	(656 985)

The residual value, useful life and depreciation method of each asset were not reviewed at the end of the reporting period.

**Maquassi Hills Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

**INVESTMENT PROPERTY CARRIED AT COST**

<b>Reconciliation of carrying value</b>	<b>Investment property R</b>	<b>Total R</b>
<b>as at 1 July 2013</b>	-	-
Cost	-	-
Correction of error		-
Change in accounting policy		-
Accumulated depreciation and impairment losses	-	-
Acquisitions	-	-
Depreciation	-	-
Carrying value of disposals	-	-
Cost	-	-
Accumulated depreciation	-	-
<b>as at 30 June 2012</b>	-	-
Cost	-	-
Accumulated depreciation and impairment losses	-	-
<b>Reconciliation of carrying value</b>	<b>Investment property R</b>	<b>Total R</b>
<b>as at 1 July 2013</b>	-	-
Cost	-	-
Correction of error		-
Change in accounting policy		-
Accumulated depreciation and impairment losses	-	-
Acquisitions	-	-
Depreciation	-	-
Carrying value of disposals	-	-
Cost	-	-
Accumulated depreciation	-	-
<b>as at 30 June 2012</b>	-	-
Cost	-	-
Accumulated depreciation and impairment losses	-	-

**Maquassi Hills Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

	<b>2013</b>	<b>2012</b>
	<b>R</b>	<b>R</b>
<b>9 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS</b>		
Trade creditors	60 869 740	59 301 012
Payments received in advance	2 180 924	2 192 991
Retentions	5 571 187	5 558 317
Leave provision	4 347 753	3 993 237
Other creditors	6 135 817	4 981 142
<b>Total creditors</b>	<b>79 105 422</b>	<b>76 026 699</b>

The fair value of trade and other payables approximates their carrying amounts.

**10 CONSUMER DEPOSITS**

Electricity and Water	2 101 137	1 918 990
<b>Total consumer deposits</b>	<b>2 101 137</b>	<b>1 798 794</b>

The amounts reflected represent a cost value as it is impracticable to determine fair value.

Management however believes that the cost value approximates the fair value.

**11 VAT PAYABLE**

VAT payable	<b>34 005 154</b>	<b>24 736 552</b>
-------------	-------------------	-------------------

VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

**12 VAT RECEIVABLE**

VAT receivable	<b>15 858 143</b>	<b>11 548 314</b>
----------------	-------------------	-------------------

All VAT returns have been submitted by the due date throughout the year. VAT is claimed and refunded from SARS when the input VAT exceeds the output VAT

**Maquassi Hills Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

	2013	2012
	R	R
<b>13 NON-CURRENT PROVISIONS</b>		
Provision for rehabilitation of landfill sites	21 617 528	19 732 250
Provision for long-service awards	2 228 417	1 999 096
Provision for post-employment health care benefits	21 256 004	19 135 239
<b>Total Non-Current Provisions</b>	<b>45 101 949</b>	<b>40 866 585</b>

The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites used for waste disposal. A report was compiled after the landfill sites were visited and inspected. This report was done on hand of the Guideline Document for the Evaluation of the quantum of closure related financial provision and Section B: working manual for the assessment of the quantum and annexures. The net present value is calculated as the present value of the future obligation, and discounted at a rate of 9.5543%

The net present value (NPV) amount of the previous year is deducted from the NPV amount of the following year to indicate the movement per annum, which include the capital as well as the interest factor

A breakdown of the quantum calculations are:

Leeudoringstad	8 866 378	8 093 135
Makwassie	2 131 039	1 945 189
Witpoort	2 050 515	1 871 688
Wolmaransstad	8 569 597	7 822 237
	<b>21 617 528</b>	<b>19 732 250</b>

**14 UNSPENT CONDITIONAL GRANTS AND RECEIPTS**

**Unspent Conditional Grants from other spheres of Government**

Municipal Infrastructure Grant	5 302 459	-
Dr Kenneth Kaunda District Municipality	-	-
Finance Management Grant	-	-
Provincial Government Library Grant	380 263	1 150 260
DWAF Bulk Water	-	-
Provincial Government Bulk Water (PIG)	-	-
Municipal Systems Improvement Grant	-	-
EPWP Roads	594 258	149 967
<b>Total Unspent Conditional Grants and Receipts</b>	<b>6 276 980</b>	<b>1 300 227</b>

**Non-current unspent conditional grants and receipts**

- -

**Current portion of unspent conditional grants and receipts**

**6 276 980 1 300 227**

See Note 21 for reconciliation of grants and receipts. These amounts are invested in ring-fenced investments until utilised.

**Maquassi Hills Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

	<b>2013</b>	<b>2012</b>
	<b>R</b>	<b>R</b>
<b>15 BORROWINGS</b>		
Annuity Loans	50 193 735	53 861 602
Less : Current portion transferred to current liabilities	(3 492 872)	(3 492 872)
<b>Total borrowings</b>	<b>46 700 864</b>	<b>50 368 730</b>

Refer to Appendix A for more detail on borrowings.

**16 PROPERTY RATES**

**Actual**

All categories	17 671 177	14 486 809
<b>Total</b>	<b>17 671 177</b>	<b>14 486 809</b>

**Valuations**

**Rateable**

Residential	768 021 907	728 786 558
Business/ Commercial	199 459 579	197 648 029
Government	66 878 863	67 385 863
Agriculture	1 617 131 131	1 038 323 131
Other	5 952 000	586 480 500
<b>Totals</b>	<b>2 657 443 480</b>	<b>2 618 624 081</b>

**Non-rateable**

In terms of the Municipal Property Rates Act, Act 6 of 2004 (MPRA) valuations on land and buildings are performed every 4 years.

The last general valuation came into effect on 1 July 2010. Interim valuations are processed on a quarterly basis to take into account changes in individual property values due to consolidations, subdivisions and alterations.

Rates are levied on a monthly basis

Interest is levied on rates outstanding after 30 days at a prime rate plus 1%

**Maquassi Hills Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

	<b>2013</b>	<b>2012</b>
	<b>R</b>	<b>R</b>

Property rates (cont.)

**Income foregone**

In terms of the Municipal Property Rates Act, Act 6 of 2004 rebates and exemptions from property rates are given. The following income foregone is applicable to the year under review:

Residential	-2 884 693	(2 416 712)
Business/ Commercial	(7 060)	(1 303 256)
Government	(105 875)	(80 127)
Agriculture	(778 765)	(240 185)
Other	(27 141)	(90 597)
<b>Total</b>	<b>(3 803 535)</b>	<b>(4 130 877)</b>

Full detail per debtor is available in Part B of Property Register

**Previously disclosed (2011/2012)**

Residential	(210 326)	(188 750)
Business/ Commercial	-	(253)
Government	(8 086)	(7 731)
Agriculture	(75 774)	(306 428)
Other	(44 405)	(10 376)
<b>Total</b>	<b>(338 591)</b>	<b>(513 538)</b>

**17 SERVICE CHARGES**

Sale of electricity	38 886 639	34 161 432
Sale of water	46 203 009	29 542 535
Refuse removal	10 601 115	9 668 248
Sewerage and sanitation charges	22 725 498	20 396 852
<b>Total Service Charges</b>	<b>118 416 260</b>	<b>93 769 067</b>

**18 RENTAL OF FACILITIES AND EQUIPMENT**

Rental of facilities	224 363	210 679
<b>Total rentals</b>	<b>224 363</b>	<b>210 679</b>

**Maquassi Hills Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

	2013	2012
	R	R
<b>19 FINANCE INCOME - EXTERNAL INVESTMENTS</b>		
Bank	430 215	616 733
<b>Total interest</b>	<b>430 215</b>	<b>616 733</b>
<b>20 FINANCE INCOME - OUTSTANDING RECEIVABLES</b>		
Consumer and other debtors	18 362 123	14 425 971
<b>Total interest</b>	<b>18 362 123</b>	<b>14 425 971</b>
<b>21 GOVERNMENT GRANTS AND SUBSIDIES</b>		
Equitable share	76 836 000	69 238 000
MIG Grant	40 366 641	31 962 237
Other Government Grants and Subsidies	22 498 763	6 461 005
<b>Total Government Grant and Subsidies</b>	<b>139 701 404</b>	<b>107 661 242</b>
<b>Equitable Share</b>	<b>1 724 696</b>	<b>5 228 493</b>
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy which is funded from the grant.		
<b>Municipal Infrastructure Grant</b>		
Balance unspent at beginning of year	-	(3 546 237)
Current year receipts	(33 996 720)	(28 416 000)
Conditions met – transferred to revenue	40 366 641	31 962 237
Debtor	-11 672 380	
Conditions still to be met - transferred to liabilities	<b>(5 302 459)</b>	-
<b>Provincial Government Library Grant</b>		
Balance unspent at beginning of year	(1 150 260)	(621 476)
Current year receipts	(390 543)	(2 200 000)
Conditions met – transferred to revenue	1 160 540	1 671 216
Conditions still to be met - transferred to liabilities	<b>(380 263)</b>	<b>(1 150 260)</b>

**Maquassi Hills Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

	<b>2013</b>	<b>2012</b>
	<b>R</b>	<b>R</b>
Government grants and subsidies (cont.)		
<b>Finance Management Grant</b>		
Balance unspent at beginning of year	-	(339 476)
Current year receipts	(1 500 000)	(1 250 000)
Conditions met – transferred to revenue	1 499 999	1 589 476
Conditions still to be met - transferred to liabilities	<u>-</u>	<u>-</u>
<b>DWAF Bulk Water</b>		
Balance unspent at beginning of year	-	-
Current year receipts	(9 338 349)	-
Conditions met – transferred to revenue	9 338 349	-
Conditions still to be met - transferred to liabilities	<u>-</u>	<u>-</u>
<b>Dr Kenneth Kaunda District Municipality</b>		
Balance unspent at beginning of year	-	-
Current year receipts	(8 000 000)	(1 242 685)
Conditions met – transferred to revenue	8 000 000	1 242 685
Conditions still to be met - transferred to liabilities	<u>-</u>	<u>-</u>
<b>Provincial Government Bulk Water (PIG)</b>		
Balance unspent at beginning of year	-	(513 555)
Current year receipts	-	-
Conditions met – transferred to revenue	-	513 555
Conditions still to be met - transferred to liabilities	<u>-</u>	<u>-</u>
<b>Municipal Systems Improvement Grant</b>		
Balance unspent at beginning of year	-	(89 316)
Current year receipts	(800 000)	(790 000)
Conditions met – transferred to revenue	800 000	879 316
Conditions still to be met - transferred to liabilities	<u>-</u>	<u>-</u>
<b>EPWP Roads</b>		
Balance unspent at beginning of year	(149 967)	-
Current year receipts	(1 658 760)	(494 723)
Conditions met – transferred to revenue	1 687 749	344 756
Debtor	(473 280)	
Conditions still to be met - transferred to liabilities	<u>(594 258)</u>	<u>(149 967)</u>



**Maquassi Hills Local Municipality**  
**NOTES TO THE FINANANCIAL STATEMENTS**  
for the year ended 30 June 2013

	<b>2013</b>	<b>2012</b>
	<b>R</b>	<b>R</b>
<b>22 OTHER INCOME</b>		
Advertising	42 471	80 580
Blocked sewerage fees	8 208	6 627
Building plans fees and copies	95 293	81 342
Cemetery fees	95 306	126 697
Change of circuit breakers	-	755
Cleaning of stands	585	2 761
Clearance certificates	12 971	13 493
Connection fees : electricity	26 526	39 198
Connection fees : sewerage	2 774	3 519
Connection fees : water	9 534	13 412
Encroachment	888	723
Garden refuse removal	585	552
Insurance claim paid out	489 652	221 087
Meter testing	1 581	5 302
Other	-	830
Photostat fees	10 679	15 510
Poster fees	57 710	11 432
Reconnections : electricity	39 232	36 374
Reconnections : water	14 247	12 339
Rd cheque charges	1 197	
Sale of inventory	367 294	160 208
Sales: refuse bins	513	212
Sales: sand and gravel	-	830
Seta	202 707	339 611
Stock surplus	98 505	34 149
Sub division of erven	351	1 325
Sundries	438 593	187 418
Supply of information	109 953	92 708
Surplus: cash	1 842	365
Transfer of erven	108 538	21 921
User fees	4 496	5 815
Valuation certificates	513	937
<b>Total other income</b>	<b>2 242 823</b>	<b>1 518 029</b>

**Maquassi Hills Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

	<b>2013</b>	<b>2012</b>
	<b>R</b>	<b>R</b>
<b>23 EMPLOYEE RELATED COSTS</b>		
Employee related costs - Salaries and Wages	29 501 395	26 748 734
Employee related costs - Contributions for UIF, pensions and medical aids	9 676 579	8 563 190
Travel, motor car, accommodation, subsistence and other allowances	2 397 575	2 176 263
Housing benefits and allowances	240 650	254 365
Overtime payments	1 833 747	367 424
Performance and other bonuses	1 416 836	2 347 506
Long-service awards	212 220	185 945
Other employee related costs	659 858	667 458
<b>Total employee related costs</b>	<b>45 938 861</b>	<b>41 310 884</b>

There were no advances to employees

**Remuneration of the Municipal Manager**

Annual Remuneration	558 341	929 083
Performance- and other bonuses	-	113 703
Travel, motor car, accommodation, subsistence and other allowances	235 544	249 805
Contributions to UIF, Medical and Pension Funds	147 960	92 599
<b>Total</b>	<b>941 845</b>	<b>1 385 190</b>

The post for Municipal Manager was vacant since April 2012.

**Remuneration of the Chief Finance Officer**

Annual Remuneration	636 776	747 518
Performance- and other bonuses	378 150	-
Travel, motor car, accommodation, subsistence and other allowances	333 980	334 856
Contributions to UIF, Medical and Pension Funds	1 118	1 497
<b>Total</b>	<b>1 350 024</b>	<b>1 083 872</b>

The position of Chief Financial Officer was vacant since February 2013. Ms L Jonker acted in the position from March 2013 till June 2013.

**Maquassi Hills Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

		2013	2012
		R	R
Employee related costs (cont.)			

The position for Director Corporate Services was vacant since October 2010. Ms J.M. Rudman acted in the position from July 2012 till 30 October 2012 and May 2013 till June 2013 and Mr K.J. Leseisane from November 2012 till May 2013.

The position for Director Technical Services was vacant from 16 May 2013. Mr V.K. Motlashuping acted in the position from 17 May 2013 till 30 June 2013

	<b>Technical Services</b>	<b>Corporate Services</b>	<b>Community Services</b>
	<b>R</b>	<b>R</b>	<b>R</b>
<b>2012</b>			
Annual Remuneration	582 360	364 289	588 917
Travel, motor car, accommodation, subsistence and other allowances	404 953	-	238 884
Contributions to UIF, Medical and Pension Funds	160 983	-	154 188
<b>Total</b>	<b>1 148 296</b>	<b>364 289</b>	<b>981 989</b>

The position for Director Corporate Services was vacant since October 2010. Ms J.M. Rudman acted in the position from 1 July 2011 till 30 June 2012. The R364 289 was paid to her as an acting allowance.

<b>Total employee related cost</b>	<b>50 550 691</b>	<b>46 274 519</b>
------------------------------------	-------------------	-------------------

**Maquassi Hills Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

	<b>2013</b>	<b>2012</b>
	<b>R</b>	<b>R</b>
Employee related costs (cont.)		
<b>Previously disclosed (2011/2012)</b>		
Employee related costs - Salaries and Wages		27 113 023
Employee related costs - Contributions for UIF, pensions and medical aids		8 563 190
Travel, motor car, accommodation, subsistence and other allowances		2 176 263
Housing benefits and allowances		254 365
Overtime payments		367 424
Performance and other bonuses		1 965 988
Long-service awards		185 945
Other employee related costs		667 458
<b>Total employee related cost</b>		<b>41 293 656</b>

**Previously disclosed (2011/2012)**

	<b>Technical Services</b>	<b>Corporate Services</b>	<b>Community Services</b>
	<b>R</b>	<b>R</b>	<b>R</b>
<b>2012</b>			
Annual Remuneration	582 360		588 917
Performance- and other bonuses	-	-	-
Travel, motor car, accommodation, subsistence and other allowances	404 953	-	238 884
Contributions to UIF, Medical and Pension Funds	160 983	-	154 188
<b>Total</b>	<b>1 148 296</b>	<b>-</b>	<b>981 989</b>

The position for Director Corporate Services was vacant since October 2010. Ms J.M. Rudman acted in the position from 1 July 2011 till 30 June 2012

**24 REMUNERATION OF COUNCILLORS**

Mayor	393 149	384 036
Deputy Mayor	-	-
Speaker	317 657	305 476
Executive Committee Members	958 822	913 023
Councillors	2 026 898	1 937 085
Councillors' pension and medical aid contributions	588 310	521 843
Councillors' allowances	1 734 915	1 648 894
Sitting allowances		493 391
<b>Total Councillors' Remuneration</b>	<b>6 019 750</b>	<b>6 203 747</b>

**Maquassi Hills Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

	<b>2013</b>	<b>2012</b>
	<b>R</b>	<b>R</b>
<b>25 DEPRECIATION AND AMORTISATION EXPENSE</b>		
Property, plant and equipment	25 919 879	25 640 768
Intangible assets	15 662	13 717
<b>Total Depreciation and Amortisation</b>	<b>25 935 541</b>	<b>25 654 484</b>
<b>26 FINANCE COSTS</b>		
Borrowings	4 539 597	4 538 226
Interest paid on overdue accounts	3 817 664	3 191 918
<b>Total Finance Costs</b>	<b>8 357 260</b>	<b>7 730 144</b>
<b>27 BULK PURCHASES</b>		
Electricity	29 091 414	26 074 665
Water	32 933 335	27 386 113
<b>Total Bulk Purchases</b>	<b>62 024 749</b>	<b>53 460 778</b>
<b>28 CONTRACTED SERVICES</b>		
Contracted Services	<b>4 896 942</b>	<b>5 222 226</b>
<b>29 GENERAL EXPENSES</b>		
Included in general expenses are the following:-		
Advertising	133 019	106 319
Aid allowances and grants	1 229 494	805 000
Audit fees	1 883 218	2 652 751
Bank charges	429 398	444 484
Cleaning	85 040	72 684
Consulting fees	8 236 347	3 504 122
Contributions to leave provision	2 704 582	6 857 442
Deed notices	10 881	13 635
Departmental consumption	1 586 241	1 336 007
Dustbins	231	-
Entertainment	97 721	139 994
Fuel and oil	1 409 232	1 294 616

**Maquassi Hills Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

	<b>2013</b>	<b>2012</b>
	<b>R</b>	<b>R</b>
General expenses (cont.)		
Hosting of meetings	30 197	11 649
Indigent relief	1 724 696	5 228 493
Internal transfers	781 159	1 775 638
Internet services	35 598	494 713
Legal expenses	3 215 536	4 593 582
License fees	128 402	84 276
Mayoral inauguration	-	85 643
Mayoral projects: volunteer programmes	1 508 582	12 350
Mayoral projects: communication strategy	7 481	
Membership fees	1 095 309	322 816
Postage	167 767	191 968
Printing and stationery	566 689	464 792
Registration fees	7 308 681	5 209 055
Security costs	331 973	29 687
Skills development levies	419 783	359 124
Social activities	107	147 920
Sundries	37 545	
Stocks and material	19 380	34 336
Stock shortage	74 288	
Study costs	-	4 800
Subscription and publication	33 711	65 001
Summons serving	-	7 048
Telephone cost	1 198 400	551 497
Town planning scheme	385 767	226 296
Training	213 391	271 383
Travel and subsistence	700 870	572 325
Uniforms and overalls	28 738	53 189
	<b>37 819 457</b>	<b>38 024 634</b>

**30 GAIN / (LOSS) ON SALE OF ASSETS**

Property, plant and equipment	(2 677)	(918 960)
<b>Total Gain / (Loss) on Sale of Assets</b>	<b>(2 677)</b>	<b>(918 960)</b>

**Maquassi Hills Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

	<b>2013</b>	<b>2012</b>
	<b>R</b>	<b>R</b>
<b>31 CASH GENERATED BY OPERATIONS</b>		
Surplus/(deficit) for the year	27 698 715	(6 357 436)
Adjustment for:-		
Depreciation and amortisation	25 935 541	25 654 484
Contribution to provisions	354 516	11 319 814
(Gain) / loss on sale of assets	2 677	918 960
	<hr/>	<hr/>
<b>Operating surplus before working capital changes:</b>	<b>53 991 449</b>	<b>31 535 822</b>
(Increase)/decrease in inventories	161 243	59 341
(Increase)/decrease in trade receivables	(1 527 801)	(3 462 377)
(Increase)/decrease in other receivables	(24 401 416)	(8 239 991)
(Increase)/decrease in VAT receivable	(4 309 829)	(973 004)
Increase/(decrease) in conditional grants and receipts	4 976 753	(3 809 835)
Increase/(decrease) in trade payables	2 724 208	29 534 596
Increase/(decrease) in consumer deposits	182 147	119 666
Increase/(decrease) in VAT payable	9 268 602	6 159 732
Increase/(decrease) in other liability	-	2 361 912
	<hr/>	<hr/>
<b>Cash generated by/(utilised in) operations</b>	<b>41 065 356</b>	<b>53 285 863</b>
	<hr/>	<hr/>

**32 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position:

Bank balances and cash	9 637 796	4 639 392
Short-term investment	690 411	670 960
Bank overdrafts	(20 237 901)	(7 103 618)
<b>Net cash and cash equivalents (net of bank overdrafts)</b>	<b>(9 909 694)</b>	<b>(1 793 266)</b>
	<hr/>	<hr/>

**33 CORRECTION OF PRIOR PERIOD ERROR**

During the 2012/2013 year the following adjustments were made to transactions whereby amounts were erroneously stated in previous financial period: The comparative amounts have been restated as follows:

**Surplus / (deficit) for the period**

Balance previously reported 2010/2011		358 020 012
Adjustments for 2010/2011	a	3 571 406
<b>Restated balance for 2010/2011</b>		<b>361 591 418</b>
		<hr/>

**Maquassi Hills Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

	<b>2013</b>	<b>2012</b>
	<b>R</b>	<b>R</b>
Correction of prior period error (cont.)		
Surplus / (deficit) for the period 2011/2012 reported		4 105 639
Adjustments for 2011/2012	b	(10 463 076)
Restated surplus/ (deficit) for the period 2011/2012		(6 357 436)
<b>Restated balance for 2011/2012</b>		<b>355 233 982</b>

**Detail of the above transactions:**

**Transactions affecting the statement of financial performance**

**Adjustments for 2010/2011**

Contracted services- leases corrections		(263 520)
Incorrectly disclosed as advance payments		(22 395)
Insurance claim paid out correction		398 157
Interest on investments correction		59 447
Interest on late payments corrections		(3 070)
Rental of facilities and equipment corrections		1 581
Retention corrections		2 557 419
Salary expense corrections		(41 308)
VAT corrections		885 096
	a	<b>3 571 406</b>

**Adjustments for 2011/2012**

Rates	*	(4 133 102)
Fines		(287 336)
Insurance claim paid out		221 088
Interest on investments 11/12		(53 487)
Rental of facilities and equipment		(408)
Debt impairment		(11 069 060)
Sundries revenue		(79 613)
Clearance certificate		(3 677)
Bank charges		(2 283)
Contracted services: leases		27
Finance cost		1 390 446
Legal cost		(173 250)
Performance bonus		(381 518)
Expense aid allowance and grants		(13 000)
Rebates on MPRA implementation	*	4 133 102
Repair and maintenance		(11 005)
	b	<b>(10 463 076)</b>



**Maquassi Hills Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

	2013	2012
	R	R
Correction of prior period error (cont.)		
<p>* These amounts did not result in a change in value - The income foregone was previously shown as an expenditure and should have decreased the property rates amount.</p>		
<b><u>Transactions affecting the Statement of Financial Position</u></b>		
<b>Adjustments for 2010/2011</b>		
<b>Current liabilities</b>		
Trade and other payables from exchange transactions		
Balance previously reported 2010/2011		(50 137 817)
Adjustments 2010/2011	c	3 896 468
Restated balance		<u>(46 241 349)</u>
Decrease in trade and other payables from exchange transactions	c	3 896 468
Retention corrections		2 557 419
Salary expense corrections		11 772
Salary expense corrections		(53 079)
Insurance claim paid out correction		136 451
Insurance claim paid out correction		261 706
VAT corrections		987 460
VAT corrections		(7 473)
Contracted services- leases corrections		2 214
<b>ASSETS</b>		
<b>Current assets</b>		
Trade and other receivables from non-exchange transactions		
Balance previously reported 2010/2011		26 299 125
Adjustments 2010/2011	d	(384 509)
Restated balance		<u>25 914 616</u>
Decrease in trade and other receivables from non-exchange transactions	d	(384 509)
Incorrectly disclosed as advance payments		(22 395)
Interest on late payments corrections		(3 070)
Rental of facilities and equipment corrections		1 581
Contracted Services- leases corrections		(265 734)
VAT corrections		(94 891)

**Maquassi Hills Local Municipality**  
**NOTES TO THE FINANANCIAL STATEMENTS**  
for the year ended 30 June 2013

	<b>2013</b>	<b>2012</b>
	<b>R</b>	<b>R</b>
Correction of prior period error (cont.)		
<b>NET ASSETS</b>		
Accumulated surplus / (deficit)		358 020 012
Adjustments 2010/2011	a	3 571 406
Restated balance		<u>361 591 418</u>
Increase in accumulated surplus / (deficit)	a	3 571 406
Contracted services- leases corrections		(263 520)
Incorrectly disclosed as advance payments		(22 395)
Insurance claim paid out correction		398 157
Interest on investments correction		59 447
Interest on late payments corrections		(3 070)
Rental of facilities and equipment corrections		1 581
Retention corrections		2 557 419
Salary expense corrections		(41 308)
VAT corrections		885 096
<b><u>Adjustments for 2011/2012</u></b>		
<b>Current liabilities</b>		
Trade and other payables from exchange transactions		
Balance previously reported 2011/2012		(81 211 658)
Adjustments 2011/2012	e	1 288 491
Adjustments 2010/2011	f	3 896 468
Restated balance		<u>(76 026 699)</u>
Decrease in Trade and other payables from exchange transactions	e	1 288 491
Insurance claim paid out		141 475
Rental of facilities and equipment		(408)
Contracted Services- leases		27
Finance cost		(823 580)
Legal cost		(197 505)
Performance bonus		(381 518)
Loan payment		2 573 598
Expense aid allowance and grants		(13 000)
Repair and maintenance		(11 005)

**Maquassi Hills Local Municipality**  
**NOTES TO THE FINANANCIAL STATEMENTS**  
for the year ended 30 June 2013

	<b>2013</b>	<b>2012</b>
	<b>R</b>	<b>R</b>
Correction of prior period error (cont.)		
Decrease in trade and other payables from exchange transactions	f	3 896 468
Retention corrections		2 557 419
Salary expense corrections		11 772
Salary expense corrections		(53 079)
Insurance claim paid out correction		136 451
Insurance claim paid out correction		261 706
VAT corrections		987 460
VAT corrections		(7 473)
Contracted services- leases corrections		2 214
<b>Current assets</b>		
VAT receivable		11 524 059
Adjustments 2011/2012	g	24 255
Restated balance		<u>11 548 314</u>
Increase in VAT receivable	g	24 255
VAT on transactions not correctly disclosed		
<b>Current assets</b>		
Cash and cash equivalents		4 926 728
Adjustments 2011/2012	h	(287 336)
Restated balance		<u>4 639 392</u>
Decrease in cash and cash equivalents	h	(287 336)
Account No. 4061545689 was incorrectly disclosed		
<b>Current assets</b>		
Trade and other receivables from exchange transactions		14 085 335
Adjustments 2011/2012	i	(6 684 597)
Restated balance		<u>7 400 738</u>
Decrease in trade and other receivables from exchange transactions		
Impairment on water, sewer, refuse and electricity debtors were incorrectly calculated	i	(6 684 597)

**Maquassi Hills Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

	<b>2013</b>	<b>2012</b>
	<b>R</b>	<b>R</b>
Correction of prior period error (cont.)		
Trade and other receivables from non-exchange transactions		34 539 523
Adjustments 2011/2012	i	(4 384 870)
Adjustments 2010/2011	j	(384 509)
Restated balance		<u>29 770 144</u>
Decrease in trade and other receivables from non-exchange transactions	i	(4 384 870)
The rental of municipal property was incorrectly disclosed		(408)
Impairment on billing debtors and rates debtors were incorrectly calculated		(4 384 462)
Decrease in trade and other receivables from non-exchange transactions	j	(384 509)
Incorrectly disclosed as advance payments		(22 395)
Interest on late payments corrections		(3 070)
Rental of facilities and equipment corrections		1 581
Contracted services: leases corrections		(265 734)
VAT corrections		(94 891)
<b>Non-current liabilities</b>		
Non-current borrowings		50 009 159
Adjustments 2011/2012	k	359 571
Restated balance		<u>50 368 730</u>
Increase in non-current borrowings	k	359 571
Loans from DBSA was incorrectly disclosed		
<b>NET ASSETS</b>		
Accumulated surplus / (deficit)		362 125 652
Adjustments 2011/2012	b	(10 463 076)
Adjustments 2010/2011	a	3 571 406
Restated balance		<u>355 233 982</u>

**Maquassi Hills Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

		<b>2013</b>	<b>2012</b>
		<b>R</b>	<b>R</b>
Correction of prior period error (cont.)			
<b>Statement of financial performance</b>			
<b>Revenue from exchange transactions</b>		<b>Restated balance</b>	<b>Previously disclosed</b>
Rental of facilities and equipment	18	211 087	210 679
Finance income: external investments	19	616 733	670 220
Other income	22	1 518 029	1 380 232
<b>Taxation revenue</b>			
Property rates	16	14 486 809	18 619 911
<b>Transfer revenue</b>			
Fines	42	2 739 652	3 026 987
Contracted services	28	5 222 226	5 222 252
<b><u>Expenses</u></b>			
Employee related costs	23	46 274 519	45 893 002
Debt impairment	2&3	65 296 521	54 227 461
Repair and maintenance		2 917 689	2 906 684
Finance costs	26	7 730 144	9 120 591
General expenses	29	38 024 634	41 969 204
Surplus/(deficit) for the year		(6 357 436)	4 105 639
<b>Statement of financial position</b>		<b>Restated balance</b>	<b>Previously disclosed</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	1	4 639 392	4 926 728
Trade and other receivables from exchange transactions	2	7 400 738	14 085 335
Trade and other receivables from non-exchange transactions	3	29 770 144	34 539 523
VAT receivable	12	11 548 314	11 524 059
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	9	76 026 699	81 211 658
<b>Non-current liabilities</b>			
Non-current borrowings	15	50 368 730	50 009 159
<b>Net assets</b>			
Accumulated surplus/(deficit)		355 233 983	362 125 652

**Maquassi Hills Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

		<b>2013</b>	<b>2012</b>
		<b>R</b>	<b>R</b>
Correction of prior period error (cont.)			
<b>Cash flow statement</b>		<b>Restated balance</b>	<b>Previously disclosed</b>
<b>Cash flow from operating activities</b>			
Receipts : interest received		616 733	670 220
<b>Payments</b>			
Suppliers		120 089 083	118 045 769
Net cash flows from operating activities	31	53 285 863	53 992 218
<b>Cash flow from financing activities</b>			
Repayment of borrowings		(3 457 178)	(38 166 749)
<b>Net increase/(decrease) in net cash and cash equivalents</b>		14 420 452	14 767 234
<b>Net cash and cash equivalents at beginning of period</b>		(16 213 718)	(16 273 164)
Net cash and cash equivalents at end of period	32	(1 793 266)	(1 505 930)

**34 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED**

**34.1 Fruitless and wasteful expenditure**

Reconciliation of fruitless and wasteful expenditure

Opening balance -

Fruitless and wasteful expenditure current year	12 874 028	5 664 636
Interest and penalties on late payment of creditors	3 817 020	3 218 564
Legal fees:	4 102 830	3 367 061
Phambane Mokone Incorporated	1 719 688	1 030 787
Advocate A.T Ncongwane	624 834	175 700
Boitumelo Maubane Attorneys	76 773	159 511
G.S Dlanjwa Attorneys	850 708	342 990
Eric Louw Attorneys	163 934	726 211
R.A Manoko Attorneys		747 490
Scholtz Attorneys	460 501	
Powell Prokureur	34 113	
Hernman Scholtz Trust	26 000	
Kleinveld Gibbens Incorporated	38 656	
Oosthuizen Du Plooy	87 480	
Liezel Venter Attorneys	20 144	
Cheadle Thompson		104 143
Erasmus Jooste Trust Account		3 509
Adv. Lentshwe Mokgatle		76 720

**Maquassi Hills Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

	<b>2013</b>	<b>2012</b>
	<b>R</b>	<b>R</b>
Fruitless and wasteful expenditure (cont.)		
Edge Forensics	102 111	164 791
Settlement L. Ralekgheto		458 977
Advertisements	8 172	
WWTP Nel Boerdery	969 000	
Valuation Roll	1 815 975	
Performance Bonuses	1 419 685	
SALGBC	13 274	
Condoned or written off by Council		
Other		
Fruitless and wasteful expenditure awaiting condonement	<b>25 122 095</b>	<b>12 874 028</b>
Detail as per Register for unauthorised, fruitless, wasteful and irregular expenditure		

**Previously disclosed (2011/2012)**

Reconciliation of fruitless and wasteful expenditure		
Opening balance -	<b>2012</b>	<b>2011</b>
Fruitless and wasteful expenditure current year	5 665 636	4 556 093
Interest and penalties on late payment of creditors	3 247 019	1 109 543
Condoned or written off by council		
Fruitless and wasteful expenditure awaiting condonement	<b>8 912 655</b>	<b>5 665 636</b>

**35 IN-KIND DONATIONS AND ASSISTANCE**

Members of the Internal Auditing Section of the Dr Kenneth Kaunda District Municipality render auditing assistance to the municipality at no cost. Two MFMA officials were seconded by Provincial Treasury to the municipality to assist the municipality from 1 March 2012 till December 2012, free of charge. One intern was seconded to the municipality by Provincial Treasury to assist the municipality from 4 June 2012 till 31 January 2013 at no cost. Two consultancy firms, Xulu and Rakoma, were appointed by National Treasury to assist with the day to day operations of the municipality, at no cost for the municipality for the period November 2012 till March 2013. The firm TMDG, together with the firm IMQS, were appointed by National Treasury during March 2013 to perform the unbundling of the infrastructure assets and the implementation of GRAP 17 in totality. IMQS performed the conversion to the financial system.

**Maquassi Hills Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

	2013	2012
	R	R
<b>36 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT</b>		
<b>36.1 Contributions to organised local government</b>		
Opening balance		-
Council subscriptions - SALGA	537 752	108 667
Amount paid - current	537 752	108 667
Amount paid - previous years		
<b>Balance unpaid (included in payables)</b>	<u>-</u>	<u>-</u>
<b>36.2 Audit fees</b>		
Opening balance		
Current year audit fee	2 732 264	2 652 751
Amount paid - current	<u>(2 732 264)</u>	<u>(2 652 751)</u>
<b>Balance unpaid (included in payables)</b>	<u>-</u>	<u>-</u>
<b>36.3 VAT</b>		
Municipality is on the Payment basis for VAT and submit monthly returns		
<b>36.4 PAYE and UIF</b>		
Opening balance		
Current year payroll deductions and council contribution	6 522 103	5 741 230
Amount paid - current year	<u>6 522 103</u>	<u>5 741 230</u>
<b>Balance unpaid (included in payables)</b>	<u>-</u>	<u>-</u>
<b>36.5 Pension and Medical Aid Deductions</b>		
Opening balance		
Current year payroll deductions and council contribution	10 212 222	9 212 416
Amount paid - current year	<u>10 212 222</u>	<u>9 212 416</u>
<b>Balance unpaid (included in payables)</b>	<u>-</u>	<u>-</u>



**Maquassi Hills Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

	2013	2012
	R	R
<b>36.6 Councillor's arrear consumer accounts</b>		
The following councillors had arrear accounts outstanding:		
<b>as at 30 June 2013</b>		
J.S. Lesie	No payment arrangements	9 617
K.S. Seakane	No payment arrangements	42 850
M.S. Sejeso	Payment arrangements	16 384
O.H. Botsietseng	Payment arrangements	4 014
N.W. Ntiane	Payment arrangements	1 715
B.J. Mahumapelo	Payment arrangements	28 629
M.D. Seretsi	Payment arrangements	34 754
K. Kgaodi	Payment arrangements	23 844
D.K. Mohadi	Payment arrangements	8 280
M.E. Motaung	Payment arrangements	7 065
K.G. Mojela	Payment arrangements	4 012
G.P. Motswagole	Payment arrangements	12 340
		<u>193 505</u>
<b>as at 30 June 2012</b>		
N.L. Tshingilane		17 125
M.S. Sejeso		5 873
O.H. Botsietseng		3 047
N.W. Ntiane		14 697
B.J. Mahumapelo		<u>61 478</u>

**37 CAPITAL COMMITMENTS**

**Commitments in respect of capital expenditure**

**- Approved and contracted for**

	<b>41 355 653</b>	<b>38 493 089</b>
Infrastructure	40 912 653	35 249 237
Community	443 000	3 243 852

**- Approved but not yet contracted for**

	<b>31 845 065</b>	<b>9 152 116</b>
Infrastructure	25 645 265	4 829 865
Community	2 000 000	3 070 800
Other	4 199 800	1 251 451

<b>Total</b>	<b>73 200 718</b>	<b>47 645 205</b>
--------------	-------------------	-------------------

**Maquassi Hills Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

	<b>2013</b>	<b>2012</b>
	<b>R</b>	<b>R</b>

Capital commitments (cont.)

This expenditure will be financed from:

- MIG	45 590 900	30 444 877
- Government Grants	10 797 902	4 200 345
- Own resources	2 811 916	7 099 983
- District Council Grants	14 000 000	5 900 000
	<b>73 200 718</b>	<b>47 645 205</b>

**38 LEASE LIABILITY**

**Municipality as Lessee**

	Present value of minimum lease payments	Straight-lined present value of minimum lease payments
Operating Leases: Office equipment		
Amounts payable under operating leases		
<b>30 June 2013</b>		
Within one year	168 020	159 147
Within two to five years	74 514	74 514
After 5 years	-	-
	<b>242 534</b>	<b>233 661</b>
Less: Amount due for settlement within 12 months (current portion)	168 020	159 147
	<b>74 514</b>	<b>74 514</b>

**Municipality as Lessee**

Correction of disclosure 2011/2012

	Present value of minimum lease payments	Straight-lined present value of minimum lease payments
Operating Leases: Office equipment		
Amounts payable under operating leases		
<b>30 June 2012</b>		
Within one year	462 922	422 655
Within two to five years	242 534	233 661
After 5 years	-	-
	<b>705 456</b>	<b>656 316</b>
Less: Amount due for settlement within 12 months (current portion)	462 922	422 655
	<b>242 534</b>	<b>233 661</b>

**Maquassi Hills Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

	<b>2013</b>	<b>2012</b>
	<b>R</b>	<b>R</b>
Lease liability (cont.)		
Previously disclosed (2011/2012)		
	Present value of minimum lease payments	Straight-lined present value of minimum lease payments
<b>Operating Leases: Office equipment</b>		
Amounts payable under operating leases		
30 June 2012		
Within one year	381 634	341 367
Within two to five years	86 732	77 859
After 5 years	-	-
	468 366	419 226
Less: Amount due for settlement within 12 months (current portion)	381 634	341 367
	<b>86 732</b>	<b>77 859</b>

The average lease term was 3-5 years and the average effective borrowing rate was 15%.

Interest rates are either fixed or variable at the contract date. All leases have fixed or variable repayments and in certain instances contingent rent is payable, as per stipulations in the lease agreements.

The municipality's obligation under operating leases are secured by the lessor's charge over the leased assets.

The municipality did not default on any of the interest or capital repayment of the operating leases

All risks and rewards of ownership remain with the lessor upon expiry of the lease and there is no option to purchase the leased assets.

There is no restriction imposed on the lease arrangements

**Municipality as Lessor**

	Present value of minimum lease receipts	Straight-lined present value of minimum lease payments
<b>Operating Leases: Land and buildings</b>		
Amounts receivable under operating leases		
<b>30 June 2013</b>		
Within one year	173 263	167 579
Within two to five years	217 333	198 486
After 5 years	-	-
	390 596	366 065
Less: Amount due for receipt within 12 months (current portion)	173 263	167 579
	<b>217 333</b>	<b>198 486</b>

**Maquassi Hills Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

	<b>2013</b>	<b>2012</b>
	<b>R</b>	<b>R</b>
Lease liability (cont.)		
<b>Correction of disclosure (2011/2012)</b>		
	Present value of minimum lease receipts	Straight-lined present value of minimum lease payments
<b>Operating Leases: Land and Buildings</b>		
Amounts receivable under operating leases		
<b>30 June 2012</b>		
Within one year	147 599	148 832
Within two to five years	387 404	363 215
After 5 years	-	-
	535 003	512 047
Less: Amount due for settlement within 12 months (current portion)	147 599	148 832
	<b>387 404</b>	<b>363 215</b>
<b>Previously disclosed (2011/2012)</b>		
	Present value of minimum lease receipts	Straight-lined present value of minimum lease payments
<b>Operating Leases: Land and Buildings</b>		
Amounts receivable under operating leases		
<b>30 June 2012</b>		
Within one year	91 709	86 776
Within two to five years	104 429	85 916
After 5 years	-	-
	196 138	172 692
Less: Amount due for settlement within 12 months (current portion)	91 709	86 776
	<b>104 429</b>	<b>85 916</b>

The average lease term was 3-15 years and the average effective borrowing rate was 10%.

Interest rates are either fixed or variable at the contract date. All leases have fixed or variable repayments and in certain instances contingent rent is payable, as per stipulations in the lease agreements.

The municipality monitors rental payments and institutes debt control where needed.

No terms and conditions of the finance leases were re-negotiated.

All risks and rewards of ownership remain with the lessor upon expiry of the lease and there is no option to purchase the leased assets.

**Maquassi Hills Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

		2013	2012
		R	R
<b>39</b>	<b>EVENTS AFTER THE REPORTING DATE</b>		
	None		
<b>40</b>	<b>COMPARISON WITH THE BUDGET</b>		
	The comparison of the Municipality's actual financial performance with that budgeted, together with explanations of variances greater than 5%, is set out in statement of comparison in terms of GRAP 24.		
<b>41</b>	<b>RELATED PARTIES</b>		
	<u>Section 57 Managers:</u>	Refer note 23	
	No remuneration was paid to family of Section 57 Managers		
	<u>Members of Council:</u>	Refer note 24	
	No remuneration was paid to family of members of council		
	All councillors and employees have disclosed their interest in related parties and no one has the ability to control or exercise significant influence over council in making financial and operating decisions.		
	<u>District Municipality</u>		
	Dr Kenneth Kaunda District Municipality		
	Members of the Internal Auditing Section of the Dr Kenneth Kaunda District Municipality render auditing assistance to the municipality at no cost. The district municipality exercise no significant influence over council in making financial and operating decisions		
<b>42</b>	<b>TRAFFIC FINES</b>		
	Traffic fines issued not yet recovered at year end.	<b>3 937 539</b>	<b>1 070 063</b>
	<u>Accounting:</u>		
	Average for 6 years 2005/6, 2006/7, 2007/8, 2008/9, 2009/10, 2010//2011 and 2011/2012)	29.28%	
	<u>Estimated debtor to be raised for spot fines:</u>		
	Average for 7 years less average 12.55% collected to date for 2012/2013		
	29.28%-12.55%	16.73%	
	Therefore: estimated recoverable amount		
	R23 535 800 *16.73%	<b>3 937 539</b>	
	Included in the amount disclosed in the statement of financial performance is the provision of R3 937 539		

**Maquassi Hills Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

	2013	2012
	R	R
<b>43 RISK MANAGEMENT</b>		

**Liquidity risk**

The municipality's risk to liquidity is a result of the funds available to cover future commitments.

The municipality manages liquidity risk through an on-going review of future commitments and credit facilities. Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the municipality's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Up to one year	Between 1 and 5 years	Five years +
Borrowings - liability	3 108 651	12 248 831	34 836 253
Rehabilitation of landfill sites	21 617 528	9 522 840	86 692 428
Long-service awards (actuarial valuation)	2 228 417		
Employee health-care benefits (actuarial valuation)	21 256 004		
Bank overdraft	20 237 901		
Trade and other payables from exchange transactions	75 996 771		
<b>Total</b>	<u>144 445 272</u>	<u>21 771 671</u>	<u>121 528 681</u>

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

**Interest rate risk**

Deposits attract interest at rate that vary with prime. The municipality's policy is to manage interest rate risk so that fluctuation in variable rates does not have a material impact on profit/loss.

The municipality's income and operating cash are substantially independent of changes in market rates.

The municipality has no significant interest bearing assets.

**Maquassi Hills Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

	2013	2012
	R	R
<b>Credit risk</b>		
Credit risk is the risk of financial loss to the municipality if customers or counterparties to financial instruments fail to meet their contractual obligations. These arise principally from the municipality's investments, loans, receivables, and cash and cash equivalents.		
Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.		
Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an on-going basis. Credit guarantee insurance is purchased when deemed appropriate.		
The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at 30 June 2013 was:		
Trade and trade receivables from exchange transactions	8 928 539	14 085 335
Short term investment deposits	690 411	670 960
Cash and cash equivalents	9 637 796	4 926 728
<b>Total credit risk</b>	<b>19 256 746</b>	<b>19 683 023</b>

#### 44 CONTINGENCIES

##### 44.1 Contingent liabilities

##### 44.1.1 Request for representation from legal council regarding litigation and claims:

Janet Rudman // Maquassi Hills Case JR 595	331 477
Kutlwane Tikane // Maquassi Hills Case NWD111210	68 960
	<u>400 437</u>

##### 44.2 Other contingent liabilities

Contractual disputes:

The extent of the potential liability regarding the case between the Maquassi Hills Ratepayers Association and the municipality cannot be determined and management estimated an amount of R500 000 .

#### 45 EMPLOYEE BENEFITS

##### Post-employment Health Care Benefits

Opening accrued liability	19 135 239	12 877 400
Current-service cost	1 119 626	750 864.00
Interest Cost	1 522 863	1 167 826
Contributions (benefits paid)	(521 724)	(417 915)
Total annual expense	2 120 765	1 500 775
Actuarial loss / gain		4 757 064
Closing accrued liability	<b>21 256 004</b>	<b>19 135 239</b>

**Maquassi Hills Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

	<b>2013</b>	<b>2012</b>
	<b>R</b>	<b>R</b>
The Projected Unit Credit Method has been used to value the liabilities		



**Maquassi Hills Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

	<b>2013</b>	<b>2012</b>
	<b>R</b>	<b>R</b>
Employee benefits (cont.)		

**Key assumptions**

Key financial assumptions

Assumption	<b>2 013</b>	<b>2 012</b>
Discount rate	8.07%	8.07%
Health care host inflation rate	7.10%	7.10%
Net effective discount rate	90.00%	90.00%

Key demographic assumptions

Assumption	<b>2 013</b>	<b>2 012</b>	
Average retirement age	60	60	
Continuation of membership at retirement	90%	90%	
Proportion assumed married at retirement	90%	90%	
Proportion of eligible current non-member employee joining the scheme by retirement	20%	20%	
Mortality during employment	SA 85 - 90	SA 85 - 90	
Mortality post retirement	PA90-1	PA90-1	
Withdrawal from service (sample annual rates)	Age	Females	Males
<b>2012/2013</b>	20	24.00%	16.00%
	30	15.00%	10.00%
	40	6.00%	6.00%
	50	2.00%	2.00%
	>55	0.00%	0.00%
<b>2011/2012</b>	20	24.00%	16.00%
	30	15.00%	10.00%
	40	6.00%	6.00%
	50	2.00%	2.00%
	>55	0.00%	0.00%

The projections assume that the municipality's health care arrangements and subsidy policy will remain as outlined and that no contributions are made by the municipality towards prefunding its liability via an off-balance sheet vehicle.

Contributions or benefits paid refer to medical scheme contributions made by the municipality with respect to its subsidy of current continuation members.

There are no Past Service Costs, Curtailments or Settlements to reflect.

**Maquassi Hills Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

	2013	2012
	R	R
Employee benefits (cont.)		
<b>Long Service awards</b>	<b>2 013</b>	<b>2 012</b>
Opening accrued liability	1 999 096	1 650 267
Total annual expense	229 321	39 938
Current-service cost	324 611	204 528
Interest cost	125 370	135 965
Benefit vesting's	(220 660)	(300 555)
Actuarial loss / gain		308 891
Closing accrued liability	<b>2 228 417</b>	<b>1 999 096</b>

The Projected Unit Credit Method has been used to value the liabilities.

**Key assumptions**

Key financial assumptions:

Assumption	2 013	2 012
Discount rate	6.63%	6.63%
General salary inflation	5.96%	5.96%
Net effective discount rate	6.30%	6.30%

Key demographic assumption:

Assumption	Value		
Average retirement age	60		
Mortality during employment	SA 85 - 90		
Withdrawal from service (sample annual rates)	Age	Females	Male
2012/2013	20	24%	16.00%
		18.00%	12.00%
	30	15.00%	10.00%
		10.00%	8.00%
	40	6.00%	6.00%
		4.00%	4.00%
	50	2.00%	2.00%
	>55	-	-
2011/2012	20	24%	16.00%
		18.00%	12.00%
	30	15.00%	10.00%
		10.00%	8.00%
	40	6.00%	6.00%
		4.00%	4.00%
	50	2.00%	2.00%
	>55	-	-

The projections assume that the LSA arrangements will remain as outlined and that all the actuarial assumptions made are borne out of practice. In addition, it is assumed that no contributions are made by the Employer towards prefunding its

liability via an off-balance sheet vehicle. There are no Past Service Cost, Curtailments or Settlements to reflect. Full valuation is available

**Maquassi Hills Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

	2013	2012
	R	R
<b>46</b>	<b>DISTRIBUTION LOSSES</b>	
	<p>The total percentage loss for water is 23.24% (48 % for 2012)</p> <p>The total percentage loss for electricity is 9.38.0%.(15% for 2012)</p> <p>For detail of distribution losses refer to Appendix F</p>	
<b>47</b>	<b>CHANGES IN ACCOUNTING POLICY</b>	
	<p>The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practise on a basis consistent with the prior year except for the adoption of the GRAP Standard on Heritage Assets, GRAP 103, where the municipality has taken advantage of the three year phasing-in period.</p>	
<b>49</b>	<b>NEW STANDARDS AND INTERPRETATIONS</b>	
	<b>STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE</b>	
	<p>At the date of authorisation of these annual financial statements, the following standards and Interpretations were in issue but not yet effective:</p> <p>GRAP 18 - Segment reporting</p> <p>GRAP 20 - Related parties</p>	

**Maquassi Hills Local Municipality**

**APPENDIX A**

**SCHEDULE OF EXTERNAL LOANS**

for the year ended 30 June 2013

EXTERNAL LOANS	Loan number	Redeemable Date	Balance at 30 June 2012	Received during the period	Redeemed / written off during the period	Balance at 30 June 2013
			R	R	R	R
<b>Annuity loan: DBSA</b>						
1985 @ 13.75% 16	15249/101	2 014	204 702	18 050	204 702	-
1988 @ 13.75% 19	15249	2 014	96 786	8 426	96 786	-
	102801_7 &					
2010 @ 5% 11	102801_8	2 029	50 730 631	2 257 925	2 818 368	47 912 263
						-
<b>Sewer loan (Kgakala)</b>	10263/102		882 067	84 328	163 942	718 125
2008 @5% 20	102901/1	2 028	456 050	20 573	17 450	438 600
2008 @5% 15	102901/2	2013/2023	279 421	7 082	279 421	-
2008 @5% 15	102901/3	2013/2023	1 202 415	53 591	77 667	1 124 747
						-
<b>Annuity loan: ABSA</b>						
1999 @ 14.50%	INCA	2 013	9 283	1 021	9 283	-
						-
<b>TOTAL EXTERNAL LOANS</b>			<b>53 861 355</b>	<b>2 450 994</b>	<b>3 667 620</b>	<b>50 193 735</b>

**Maquassi Hills Local Municipality**  
**APPENDIX B**  
**ANALYSIS OF PROPERTY PLANT AND EQUIPMENT**  
for the year ended 30 June 2013

	Cost / Revaluation						Accumulated Depreciation				Carrying Value R
	Opening Balance R	Additions R	Disposals R	Under Construction Capitalise R	Additions Under Construction R	Closing Balance R	Opening Balance R	Depreciation R	Disposals R	Closing Balance R	
<b>Land</b>											
Land	5 223 942	-		-	-	5 223 942				-	5 223 942
Landfill Sites	13 698 055	-		-	-	13 698 055	(3 912 266)	(978 066)		(4 890 332)	8 807 722
	18 921 996	-	-	-	-	18 921 996	(3 912 266)	(978 066)	-	(4 890 332)	14 031 664
<b>Buildings</b>	38 561 142	4 443 207		(4 420 575)	204 000	38 787 774	(6 147 729)	(1 270 693)		(7 418 421)	31 369 353
<b>Infrastructure</b>											
Roads	167 354 818	19 902 235		(19 902 235)	40 569 677	207 924 494	(17 612 036)	(4 572 586)		(22 184 622)	185 739 872
Sewerage Mains & Purification	104 957 453	9 809 580		(9 772 513)	8 245 378	113 239 898	(16 861 477)	(3 389 390)		(20 250 867)	92 989 030
Electricity Mains	7 987 209	-		-	-	7 987 209	(2 860 341)	(346 397)		(3 206 738)	4 780 472
Water Mains & Purification	273 489 065	-		-	-	273 489 065	(66 385 915)	(12 783 195)		(79 169 110)	194 319 956
	553 788 545	29 711 816	-	(29 674 749)	48 815 055	602 640 667	(103 719 769)	(21 091 568)	-	(124 811 337)	477 829 329
<b>Community assets</b>											
Cemeteries	997 304	-		-	-	997 304	(232 704)	(33 243)		(265 948)	731 356
	997 304	-	-	-	-	997 304	(232 704)	(33 243)	-	(265 948)	731 356
<b>Heritage assets</b>											
<b>Total carried forward</b>	612 268 987	34 155 023	-	(34 095 324)	49 019 055	661 347 741	(114 012 467)	(23 373 571)	-	(137 386 038)	523 961 702

**Maquassi Hills Local Municipality**  
**APPENDIX B**  
**ANALYSIS OF PROPERTY PLANT AND EQUIPMENT**  
for the year ended 30 June 2013

	Cost / Revaluation						Accumulated Depreciation				Carrying Value
	Opening Balance R	Additions R	Disposals R	Under Construction Capitalise R	Additions Under Construction R	Closing Balance R	Opening Balance R	Depreciation R	Disposals R	Closing Balance R	
<b>Total brought forward</b>	612 268 987	34 155 023	-	(34 095 324)	49 019 055	661 347 741	(114 012 467)	(23 373 571)	-	(137 386 038)	523 961 702
<b>Other assets</b>											
Furniture & Fittings	2 579 133	403 684	-	-	-	2 982 817	(1 615 378)	(346 542)	-	(1 961 920)	1 020 897
Bins and Containers	630 980	-	-	-	-	630 980	(522 623)	(19 698)	-	(542 321)	88 659
Motor vehicles	12 322 381	-	-	-	-	12 322 381	(7 435 689)	(1 490 569)	-	(8 926 259)	3 396 122
Computer Equipment	3 457 813	199 427	(4 809)	-	-	3 652 431	(2 380 660)	(445 775)	2 966	(2 823 469)	828 962
Other Assets	2 416 356	55 893	-	-	-	2 472 249	(1 560 935)	(243 723)	-	(1 804 659)	667 590
	21 406 662	659 005	(4 809)	-	-	22 060 857	(13 515 285)	(2 546 308)	2 966	(16 058 627)	6 002 230
<b>Finance lease assets</b>											
<b>Total</b>	<b>633 675 649</b>	<b>34 814 027</b>	<b>(4 809)</b>	<b>(34 095 324)</b>	<b>49 019 055</b>	<b>683 408 598</b>	<b>(127 527 753)</b>	<b>(25 919 879)</b>	<b>2 966</b>	<b>(153 444 666)</b>	<b>529 963 931</b>

**Maquassi Hills Local Municipality**  
**APPENDIX B**  
**ANALYSIS OF PROPERTY PLANT AND EQUIPMENT**  
for the year ended 30 June

	Cost / Revaluation						Accumulated Depreciation				Carrying Value R
	Opening Balance R	Additions R	Disposals R	Under Construction Capitalise R	Additions Under Construction R	Closing Balance R	Opening Balance R	Depreciation R	Disposals R	Closing Balance R	
<b>Land</b>											
Land	5 223 942	-	-			5 223 942				-	5 223 942
Landfill Sites	13 698 055	-	-		-	13 698 055	(2 934 199)	(978 066)	-	(3 912 266)	9 785 789
	18 921 996	-	-		-	18 921 996	(2 934 199)	(978 066)	-	(3 912 266)	15 009 731
<b>Buildings</b>	36 925 795	3 518 187	-	(3 296 890)	1 414 049	38 561 142	(4 903 618)	(1 244 110)	-	(6 147 729)	32 413 414
<b>Infrastructure</b>											
Roads	136 693 934	(7 360 597)	-	7 360 597	30 660 884	167 354 818	(13 075 856)	(4 536 181)	-	(17 612 036)	149 742 781
Sewerage Mains & Purification	95 502 468	8 892 832	-	(8 646 430)	9 208 582	104 957 453	(13 533 361)	(3 328 117)	-	(16 861 477)	88 095 975
Electricity Mains	7 748 497	238 713	-		-	7 987 209	(2 510 479)	(349 862)	-	(2 860 341)	5 126 869
Water Mains & Purification	273 297 133	191 932	-	-	-	273 489 065	(53 606 385)	(12 779 530)	-	(66 385 915)	207 103 150
	513 242 032	1 962 880	-	(1 285 833)	39 869 466	553 788 545	(82 726 080)	(20 993 689)	-	(103 719 769)	450 068 777
<b>Community assets</b>											
Cemeteries	997 304	-	-		-	997 304	(199 461)	(33 243)	-	(232 704)	764 600
	997 304	-	-		-	997 304	(199 461)	(33 243)	-	(232 704)	764 600
<b>Heritage assets</b>											
	-	-	-		-	-	-	-	-	-	-
<b>Total carried forward</b>	570 087 128	5 481 068	-	(4 582 723)	41 283 515	612 268 987	(90 763 358)	(23 249 109)	-	(114 012 467)	498 256 521

**Maquassi Hills Local Municipality**  
**APPENDIX B**  
**ANALYSIS OF PROPERTY PLANT AND EQUIPMENT**  
for the year ended 30 June 2013

	Cost / Revaluation						Accumulated Depreciation				Carrying Value R
	Opening Balance R	Additions R	Disposals R	Under Construction Capitalise R	Additions Under Construction R	Closing Balance R	Opening Balance R	Depreciation R	Disposals R	Closing Balance R	
<b>Total brought forward</b>	570 087 128	5 481 068	-	(4 582 723)	41 283 515	612 268 987	(90 763 358)	(23 249 109)	-	(114 012 467)	498 256 521
<b>Other assets</b>											
Office Equipment	-	-	-		-	-	-	-	-	-	-
Furniture & Fittings	2 472 344	106 788	-	-	-	2 579 133	(1 388 587)	(226 791)	-	(1 615 378)	963 755
Bins and Containers	630 980	-	-		-	630 980	(502 925)	(19 698)	-	(522 623)	108 357
Emergency Equipment	-	-	-		-	-	-	-	-	-	-
Motor vehicles	12 897 662	1 027 600	(1 602 882)		-	12 322 381	(6 691 972)	(1 441 162)	697 444	(7 435 689)	4 886 691
Fire engines	-	-	-		-	-	-	-	-	-	-
Refuse tankers	-	-	-		-	-	-	-	-	-	-
Computer Equipment	3 314 610	155 740	(12 538)		-	3 457 813	(1 914 920)	(469 988)	4 249	(2 380 660)	1 077 153
Computer Software (part of computer equipment)	-	-	-		-	-	-	-	-	-	-
Other Assets	2 170 403	249 018	(3 066)		-	2 416 356	(1 327 526)	(234 019)	609	(1 560 935)	855 421
	21 486 000	1 539 147	(1 618 485)	-	-	21 406 662	(11 825 930)	(2 391 659)	702 303	(13 515 285)	7 891 376
<b>Finance lease assets</b>											
Office Equipment	-	-	-		-	-	-	-	-	-	-
Other Assets	-	-	-		-	-	-	-	-	-	-
	-	-	-		-	-	-	-	-	-	-
<b>Total</b>	<b>591 573 128</b>	<b>7 020 214</b>	<b>(1 618 485)</b>	<b>(4 582 723)</b>	<b>41 283 515</b>	<b>633 675 649</b>	<b>(102 589 288)</b>	<b>(25 640 768)</b>	<b>702 303</b>	<b>(127 527 753)</b>	<b>506 147 897</b>



**Maquassi Hills Municipality**  
**APPENDIX C**  
**ACTUAL VERSUS BUDGET: (REVENUE AND EXPENDITURE)**  
for the year ended 30 June 2013

Revenue	2013 Actual R	2013 Budget R	2013 Variance R	2013 Variance %
<b>Revenue from exchange transactions</b>				
Service charges	118 416 260	123 907 500	(5 491 240)	-4.43%
Rental of facilities and equipment	224 363	468 100	(243 737)	-52.07%
Interest earned - external investments	430 215	145 000	285 215	196.70%
Interest earned - outstanding debtors	18 362 123	18 000 000	362 123	2.01%
Licences and permits	10 411 395	11 450 000	(1 038 605)	-9.07%
Other income	2 242 823	684 000	1 558 823	227.90%
Gains on disposal of property, plant and equipment	-	-	-	
<b>Total revenue from exchange transactions</b>	<b>150 087 179</b>	<b>154 654 600</b>	<b>(4 567 421)</b>	
<b>Revenue from non-exchange transactions</b>				
<b>Taxation revenue</b>				
Property rates	17 671 177	23 724 400	(6 053 223)	-25.51%
<b>Transfer revenue</b>				
Fines	8 072 147	3 029 800	5 042 347	166.43%
Government grants	139 701 404	160 508 186	(20 806 782)	-12.96%
<b>Total revenue from non-exchange transactions</b>	<b>165 444 728</b>	<b>187 262 386</b>	<b>(21 817 658)</b>	
	150 087 179	154 654 600	(4 567 421)	
	165 444 728	187 262 386	(21 817 658)	
<b>Total revenue</b>	<b>315 531 906</b>	<b>341 916 986</b>	<b>(26 385 080)</b>	
<b>Expenditure</b>				
Employee cost wages / salaries	40 591 603	44 950 025	(4 358 422)	-9.70%
Employee cost social contributions	9 959 089	12 012 276	(2 053 187)	-17.09%
Remuneration Councillors	6 019 750	6 116 503	(96 753)	-1.58%
Debt impairment	89 561 798	48 233 100	41 328 698	85.69%
Depreciation	25 935 541	28 111 606	(2 176 065)	-7.74%
Repairs and maintenance	2 664 326	10 707 700	(8 043 374)	-75.12%
Finance costs	8 357 260	3 986 600	4 370 660	109.63%
Bulk Purchases	62 024 749	54 226 600	7 798 149	14.38%
Contracted Services	4 896 942	7 721 042	(2 824 100)	-36.58%
General expenses other	37 819 457	49 567 891	(11 748 434)	-23.70%
<b>Total expenditure</b>	<b>287 830 514</b>	<b>265 633 343</b>	<b>22 197 171</b>	
Total revenue	315 531 906	341 916 986	(26 385 080)	
Total expenditure	287 830 514	265 633 343	22 197 171	
<b>Operating surplus/(deficit)</b>	<b>27 701 392</b>	<b>76 283 643</b>	<b>(48 582 251)</b>	
Gain / (loss) on disposal of assets and liabilities	(2 677)		(2 677)	
Fair value adjustments				
<b>Surplus / (deficit) before taxation</b>	<b>27 698 715</b>	<b>76 283 643</b>	<b>(48 579 573)</b>	
Taxation				
<b>Surplus/(deficit) for the year</b>	<b>27 698 715</b>	<b>76 283 643</b>	<b>(48 579 573)</b>	

# Maquassi Hills Municipality

## APPENDIX D

### SUPPLY CHAIN DEVIATIONS

for the year ended 30 June 2013

No.	Description	Service Provider/company	Amount	Reason for deviation
	<b>Approved deviations</b>			
1	Desktop computers	Nashua NW	132 240	Time constraint - assets
2	Stationery	@Office world	10 236	Only one supplier responded
3	Adverts	Overvaal	4 230	The only newspaper circulating locally
4	Stationery	Lithotech	19 996	Only supplier that have plates to print municipality's water & lights accounts
5	Laptop	Ronmar Office Equipment	8 947	Supplier refuse to provide quotes
6	Accommodation	Temla 31 c/c	5 560	Council telephones and emails not working, previous quote used
7	Repairs	Promine CC	1 680	Vacuum cleaner was bought from this supplier
8	Sewer lines	NW Drain Cleaners	45 787	Unblocking of main sewer lines in Lebaleng
<b>Total value:</b>			<b>228 676</b>	

No.	Description	Service Provider/company	Amount	Reason for deviation
	<b>Unapproved deviations</b>			
1	Repairs - computer equipment	Games & PC Sound CC	95 851	
2	Repairs - vehicles	Kelly's ingenieurswerk	96 747	
3	Repairs at the sewage plant	CMS Water Engineering	70 751	
<b>Total value:</b>			<b>263 349</b>	

**Maquassi Hills Local Municipality**

**APPENDIX E**

**SCHEDULE OF INVESTMENTS**

for the year ended 30 June 2013

<b>No</b>	<b>Invested with:</b>	<b>Account No.</b>	<b>Balance as at 30 June 2012</b>	<b>Invested</b>	<b>W/Drawn</b>	<b>Balance as at 30 June 2013</b>	<b>Accrued interest</b>	<b>Interest received</b>	<b>Total Interest</b>
2	FNB	71093408436	294 790	17 145		311 935		7 171	7 171
3	ABSA	2057750696	360 000			360 000		20 685	20 685
4	SWK SHARES WOLM	58743	7 433		1 189	6 244			-
5	SWK SHARES LDS	55145	5 431	2 172		7 603		2 172	2 172
6	SWK SHARES MQ	36368	3 306	1 322		4 628		133	133
	FNB	74364756708	-	619 000		619 000	2 468	22 454	24 922
	<b>TOTALS</b>		<b>670 960</b>	<b>639 639</b>	<b>1 189</b>	<b>1 309 411</b>	<b>2 468</b>	<b>52 615</b>	<b>55 083</b>

## Maquassi Hills Local Municipality

### APPENDIX F

#### DETAIL OF DISTRIBUTION LOSSES

for the year ended 30 June 2013

The average water distribution losses for the year under review is 23.24% (2011/2012:48%). The breakdown of the information is as follows:

<b>Water</b>	<b>2012/2013</b>	<b>2011/2012</b>
Kl water purchased	4 622 546	4 687 771
Kl water sold	3 548 372	2 441 876
Loss	1 074 174	2 245 895
%	23.24	48

Water distribution losses are due to the following:

- un-metered areas where standpipes or communal water is provided;
- faulty water meters;(meters not registering consumption)
- poor condition of water network;
- water meters not read from time to time resulting in interim billing;
- pipe bursts not repaired timely;
- illegal connections done by residents.

Management has engaged on a data cleaning exercise that, inter alia, focuses on the following:

- have all meters checked for faults and readings verified.
- details of non-functioning meters are reported;
- check all stands for the existence of water meters and the condition thereof (whether it stands etc)
- check if the readings of the meters are in line;
- check for tampering of meters;
- check for illegal connections;

Management will ensure that the following additional measures be put in

- install water meters in all un-metered areas once funding is secured and ensure that the meters are maintained and read;
- timely attend to all pipe bursts;
- implement a maintenance plan on the water network;
- take action against all residents that do illegal connections.

#### **Electricity**

The average electricity distribution losses for the year under review is 9.38 % (2011/2012:15%)

The breakdown of the information is as follows:

	<b>2012/2013</b>	<b>2011/2012</b>
Units purchased	45 597 050	45 466 176
Units sold	41 318 840	38 800 402
Loss	4 278 210	6 665 774
%	9.38	15

Electricity distribution losses are due to the following:

- faulty meters;(meters not registering consumption)
- poor condition of network;
- meters not read from time to time resulting in interim billing;
- illegal connections done by residents.

Management has engaged on a data cleaning exercise that, inter alia, focuses on the following:

- have all meters checked for faults and readings verified.
- details of non-functioning meters are reported;
- check all stands for the existence of meters and the condition thereof
- check if the readings of the meters are in line;
- check for tampering of meters;
- check for illegal connections;

Management will ensure that the following additional measures be put in

- implement a maintenance plan on the electricity network;
- take action against all residents that do illegal connections.

#### **Estimations**

In the event that a meter reading is not available, the financial system takes the latest consumption resulting from a meter reading as an interim reading and levies the account accordingly. If there is no reading in the ensuing months, the same happens. Once there is an actual reading available, the reading is captured on the system and the interim billings (estimations) are automatically corrected by the financial system.